INTRODUCTION

The Office of Surface Mining Reclamation and Enforcement (OSMRE) has evaluated the potential environmental impacts of operating the Four Corners Power Plant and Navajo Mine to 2041. The environmental analysis is presented in a Draft Environmental Impact Statement (EIS), which was released on March 28, 2014. The Draft EIS presents the evaluation of alternatives to the Proposed Action, as well as the potential environmental impacts of these alternatives. The public has the opportunity to review the Draft EIS and provide comments on the environmental analysis throughout the public comment period, which ends on May 27, 2014. This informational booklet provides a summary of key aspects of the Draft EIS. For detailed information, please refer to the Draft EIS. The environmental analysis was conducted in accordance with the National Environmental Policy Act (NEPA).

While OSMRE is the lead agency preparing the Four Corners Power Plant and Navajo Mine Energy Project EIS, it has worked with several other agencies to ensure the development of a comprehensive and thorough environmental analysis. These other agencies are referred to as “cooperating agencies.” A cooperating agency is any agency, other than the lead agency, that has jurisdiction by law or special expertise concerning a proposal. Cooperating agencies for the EIS include the Bureau of Indian Affairs, Bureau of Land Management, U.S. Army Corps of Engineers, U.S. Environmental Protection Agency (U.S. EPA), U.S. Fish and Wildlife Service, Navajo Nation, Hopi Tribe, and National Park Service. The table on page 6 outlines the responsibilities for each of the cooperating agencies involved in developing the EIS.

The National Environmental Policy Act

Before U.S. federal agencies proceed with major federal actions, they must consider the potential impacts the proposed activities may have on the human, natural or cultural environment. An environmental analysis to evaluate these potential impacts is mandated by the National Environmental Policy Act of 1969 (NEPA). To allow for more informed decision-making, community and agency involvement is a critical part of the NEPA process.

ABOUT THE FOUR CORNERS POWER PLANT AND NAVAJO MINE

Four Corners Power Plant

The Four Corners Power Plant, operated by Arizona Public Service, is a coal-fired electric generating station located on tribal trust lands in the New Mexico portion of the Navajo Nation. Approximately 80 percent of employees at the plant are Native American. Prior to 2014, the plant operated five Units that generated approximately 2,100 megawatts, providing power to more than 500,000 homes in New Mexico, Arizona, California and Texas. In December 2013, Units 1, 2 and 3 were shut down, with the remaining Units 4 and 5 generating 1,540 megawatts of electricity. By July 2018, pollution control upgrades will be installed on Units 4 and 5. These changes will substantially reduce air emissions from the plant.

Navajo Mine

In July 1957, the Navajo Nation granted a mining lease to Utah Construction & Mining Company (subsequently BHP Navajo Coal Company), for 33,600 acres, as amended. Operation of the mine began in 1963 to supply the Four Corners Power Plant with coal. The 33,600-acre mining lease annually produces an average of 5.8 million tons of coal, which is transported via a dedicated rail to the Four Corners Power Plant. The Navajo Mine Lease area is located on tribal trust lands on the Navajo Nation adjacent to the Four Corners Power Plant. Approximately 79 percent of employees at the coal mine are Native American.

In November 2013, OSMRE approved with conditions a permit transfer application transferring the Surface Mining Control and Reclamation Act (SMCRA) permit, which allows coal mining of the area, from BHP Navajo Coal Company (BNCC) to the Navajo Transitional Energy Company (NTEC), a Navajo Nation entity. As part of the permit transfer, BNCC converted to Navajo Mine Coal Company (NMCC). In December 2013, NTEC acquired 100 percent of the equity of the NMCC, whose assets included the lease of the Navajo Mine. In February 2014, OSMRE issued the permit to NTEC after all approval conditions were met. NTEC has contracted with BHP, through its subsidiary named BHP Billiton Mine Management Company, to continue managing the mine.
PROPOSED ACTION AND ALTERNATIVES

Continued operation of the Four Corners Power Plant and Navajo Mine requires regulatory review by several agencies (see the table on page 6). Each agency reviews various aspects of the environmental analysis prior to issuing their respective permits that would support continued operation. There are four main elements of the proposal to continue operation of the power plant and mine (called the “Proposed Action”). These four elements are described below. The Draft EIS addresses the direct, indirect and cumulative environmental impacts associated with each of these elements.

Proposed Action

- **Power Plant Lease Amendment** – Arizona Public Service, as operating agent and on behalf of participant owners of the Four Corners Power Plant, executed a lease amendment (Lease Amendment No. 3) with the Navajo Nation to extend the term of the lease for the Four Corners Power Plant an additional 25 years (from 2016 to 2041). The potential environmental impacts from continuing operation of the power plant to 2041 are analyzed in the Draft EIS.

- **Energy Transmission Lines Rights-of-Way Renewals** – Transmission lines directly connected to the Four Corners Power Plant and owned and operated by Arizona Public Service and Public Service Company of New Mexico require the renewal of existing rights-of-way permits. These rights-of-way permits are currently set to expire by 2018; therefore, the renewal is needed to continue operating to 2041. The potential environmental impacts from the renewal of rights-of-way permits are analyzed in the Draft EIS.

- **Navajo Mine Permit Renewal** – Renewal of Navajo Mine’s existing SMCRA permit for Areas I, II, III and portions of Area IV North of the Navajo Mine Lease area for five years beginning in 2014. The potential environmental impacts of the renewal application are analyzed in the Draft EIS.

- **New Coal Mine Area Permit** – NTEC proposes to develop a new 5,569-acre mine area, referred to as the Pinabete Permit area, within its existing Navajo Mine Lease area to have sufficient coal to supply the Four Corners Power Plant to 2041. The potential environmental impacts from the proposed Pinabete Permit are analyzed in the Draft EIS.
The NEPA process requires the evaluation of a range of alternatives to the Proposed Action. The five alternatives analyzed in the Draft EIS, including the Proposed Action, are summarized in the table below.

| Alternative A: Proposed Action | • Approve the Four Corners Power Plant Lease Amendment No. 3 for continued operation to 2041.  
• Renew rights-of-way permits for continued operation and maintenance of four transmission lines.  
• Renew the Navajo Mine SMCRA permit (NM-0003F) for continued operation of the mine.  
• Approve the 5,569-acre Pinabete SMCRA permit for Areas IV North and IV South, with proposed mining disturbance of approximately 4,104 acres. |
| --- | --- |
| Alternative B: Navajo Mine Extension Project Mine Plan | • Instead of the 5,569-acre Pinabete SMCRA permit for Areas IV North and IV South, NTEC would seek a 5,412-acre SMCRA permit for Areas IV South and V, with proposed mining disturbance of approximately 4,998 acres.  
• All other components of the Proposed Action would be included in this alternative. |
| Alternative C: Alternative Pinabete Mine Plan | • Instead of the 5,569-acre Pinabete SMCRA permit for Areas IV North and IV South, NTEC would seek a 10,094-acre SMCRA permit for Areas IV North and IV South, with proposed mining disturbance of approximately 6,492 acres.  
• All other components of the Proposed Action would be included in this alternative. |
| Alternative D: Alternate Ash Disposal Area Configuration | • Arizona Public Service would construct a single, 350-acre “super cell” dry fly ash disposal area at the Four Corners Power Plant. Construction of a single, large dry fly ash disposal area would eliminate the number of impoundment walls and roads through the disposal area.  
• All other components of the Proposed Action would be included in this alternative. |
| Alternative E: No Action Alternative | • None of the components of the Proposed Action, or the other alternatives, would be implemented. As a result, operation of the Four Corners Power Plant and Navajo Mine would cease. Navajo Mine would be reclaimed as required by the existing Navajo Mine SMCRA permit. Four Corners Power Plant would be decommissioned. |

The purpose of the Proposed Action is to facilitate ongoing operation of the Four Corners Power Plant and Navajo Mine. The Proposed Action is needed to:

• Provide long-term, reliable, uninterrupted electrical power to customers.  
• Continue to provide coal to the Four Corners Power Plant.  
• Continue operation of transmission lines and related facilities that serve to transmit electrical energy from the Four Corners Power Plant.  
• Provide for tribal self-determination and promote tribal economic development.
## COOPERATING AGENCIES ASSISTING IN DEVELOPMENT OF THE EIS

<table>
<thead>
<tr>
<th>FEDERAL AGENCY</th>
<th>RESPONSIBILITIES/ACtIONS</th>
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| Office of Surface Mining Reclamation and Enforcement | • Act as lead agency in preparing the EIS  
• Approve or disapprove the application for a new mine area, known as the Pinabete Permit area  
• Approve or disapprove renewal of the Navajo Mine SMCRA permit  
• Act as lead agency for Endangered Species Act (ESA) Section 7 consultation and for National Historic Preservation Act (NHPA) Section 106 consultation  
• Inform the public and consider comments in the decision-making process |
| Bureau of Indian Affairs | • Approve or disapprove the Four Corners Power Plant Lease Amendment No. 3  
• Approve or disapprove the realignment of portions of Burnham Road  
• Approve or disapprove the rights-of-way renewal for additional access roads  
• Approve or disapprove rights-of-way renewals for transmission lines |
| Bureau of Land Management | • Issue a decision on the Pinabete Mine Plan to ensure maximum economic recovery of the coal resource  
• Approve or disapprove the rights-of-way renewal for the West Mesa transmission line  
• Consult with OSMRE to identify and evaluate potential impacts to cultural resources under NHPA Section 106 |
| U.S. Army Corps of Engineers | • Approve or disapprove NTEC’s application for an individual permit under Section 404 of the Clean Water Act |
| U.S. Environmental Protection Agency | • Ensure that emissions from the Four Corners Power Plant comply with the Clean Air Act  
• Approve or disapprove NTEC’s application for a National Pollutant Discharge Elimination System permit for the Pinabete Permit area under Section 402 of the Clean Water Act |
| U.S. Fish and Wildlife Service | • Issue a Biological Opinion for federally listed species under ESA Section 7 |
| Navajo Nation | • Consult with OSMRE to identify and evaluate potential impacts to cultural resources under NHPA Section 106 and biological resources under ESA Section 7  
• Issue Clean Water Act Section 401 water quality certification  
• Issue Clean Air Act Title V permit for Four Corners Power Plant  
• Review and comment on the SMCRA permit application |
| Hopi Tribe | • Consult with OSMRE to identify and evaluate potential impacts from transmission line rights-of-way renewals to cultural resources under NHPA Section 106 and under ESA Section 7 |
| National Park Service | • Review potential impacts from Four Corners Power Plant and transmission line renewals to national parks in the region  
• Review rights-of-way renewals for the West Mesa transmission line  
• Consult with OSMRE to identify potential impacts to cultural resources under NHPA Section 106 |
SUMMARY OF DRAFT EIS IMPACT ANALYSIS

OSMRE and cooperating agencies analyzed the Proposed Action and alternatives to determine potential impacts to the environment. The environmental analysis addressed resource areas identified during the scoping process, such as air quality, water quality, cultural resources, public health, socioeconomics, and threatened and endangered species. A summary of these environmental resource areas is included below. For more detailed information about potential impacts to resource areas, please refer to the Draft EIS, available at http://www.wrcc.osmre.gov/FCPPEIS.shtm.

Air Quality and Climate Change

The environmental impact analysis presented in the Draft EIS found that air emissions from continued operation of the Four Corners Power Plant to 2041 would not exceed National Ambient Air Quality Standards. The Four Corners Power Plant and Navajo Mine emit greenhouse gases, and therefore, contribute incrementally to climate change; however, these emissions comprise less than 1 percent of the U.S. greenhouse gas inventory and the national electric power sector.

Clean Air Act

The Clean Air Act’s Regional Haze Rule requires the use of Best Available Retrofit Technology (BART) at older coal-fired power plants to reduce haze and improve visibility in the region. In October 2010, the U.S. EPA issued a proposed BART rule for the Four Corners Power Plant, which included installing additional nitrogen oxide and particulate controls. As part of BART compliance, approval of the lease amendment and the continued operation of the power plant requires the installation of additional nitrogen oxide controls on Units 4 and 5 by July 2018, and closure of Units 1, 2 and 3. Closure of Units 1, 2 and 3 was completed in December 2013.

Water Quality

The environmental impact analysis presented in the Draft EIS compared water quality data for surface water and groundwater to regulatory standards. Water quality data was obtained from sources both upstream and downstream of the power plant and mine. The environmental analysis determined that the use of best management practices for sediment control and stormwater would protect surface water quality. Furthermore, deposition of mercury and selenium into the San Juan Watershed from power plant air emissions would be reduced from current conditions.

http://www.wrcc.osmre.gov/FCPPEIS.shtm
Summary of Draft EIS Impact Analysis (continued)

Clean Water Act

Several Clean Water Act permits are required to continue operation of the Four Corners Power Plant and Navajo Mine to 2041. NTEC submitted an application to the U.S. Army Corps of Engineers for a Clean Water Act Section 404 permit. A Section 404 permit would allow the coal mine to discharge fill material into waters at specified disposal sites. Development of the proposed Pinabete Permit area would impact approximately 5 acres of arroyos and dry channels over 25 years. The U.S. Army Corps of Engineers is reviewing the Section 404 permit application.

The U.S. EPA requires a Clean Water Act Section 402 permit, known as a National Pollutant Discharge Elimination System (NPDES) permit, for construction activities greater than 1 acre in size and industrial wastewater discharges. A Section 402 permit would allow discharge of certain pollutants into waters of the United States. Both the Navajo Mine and Four Corners Power Plant are covered under Industrial NPDES permits. In addition, a General Construction NPDES permit is required for the proposed realignment of Burnham Road and the proposed expansion of the Four Corners Power Plant ash disposal area.

The Navajo Nation is responsible for issuing a Clean Water Act Section 401 water quality certification for the Navajo Mine.

Cultural Resources and National Historic Preservation Act

Section 106 of the NHPA requires federal agencies to consider the impacts to historic properties listed on or eligible for listing on the National Register of Historic Places. OSMRE is serving as the lead agency for the Section 106 process for the project.

The Section 106 process is occurring concurrently with the NEPA process. Three groups of historic properties are evaluated in the Draft EIS and as part of the Section 106 process: archaeological resources, historic resources, and properties of religious and cultural significance (including Traditional Cultural Properties).

Programmatic Agreements

As part of NHPA Section 106 consultation for the project, two Programmatic Agreements are being developed that define ways to avoid potential impacts to historic properties. One Programmatic Agreement will address historic properties located within the Navajo Mine Lease area and the other Programmatic Agreement will address historic properties located near the Four Corners Power Plant and transmission lines. When it is not possible to avoid the historic properties identified, actions to reduce the potential impacts will be identified and included in the appropriate Programmatic Agreement.
Public Health and Hazardous and Solid Waste

Coal Combustion Residue

Coal Combustion Residue (CCR), also known as “fly ash,” is formed through the combustion of coal when producing electricity. CCR is not currently classified as a hazardous waste; however, the U.S. EPA has proposed changing this regulatory status. At the Four Corners Power Plant, CCR from Units 4 and 5 was properly placed in lined ash impoundments and dry fly ash disposal areas. At the Navajo Mine, CCR was used during reclamation activities until 2008. Potential impacts of placement of CCRs at Navajo Mine were concluded to be minor. The U.S. EPA’s proposed CCR rule would not be applicable to Tribal lands.

U.S. EPA inspection of the existing impoundments found they met standards for public safety. Further, Arizona Public Service operates extraction wells and two ditches to prevent seepage from the ash disposal area from entering nearby Chaco Wash.

Ammonia

Pollution control upgrades on Units 4 and 5 of the Four Corners Power Plant require the use of ammonia. Although ammonia is commonly used around the world, it can be hazardous. Three options for ammonia were evaluated in the Draft EIS: anhydrous ammonia (gaseous form), liquid ammonia (liquid form) and urea (solid form). The evaluation concluded that using urea (solid form) resulted in the least risk of accidental release during transportation or during use. Therefore, OSMRE recommends the use of urea for operating the pollution control upgrades on Units 4 and 5.

Socioeconomics and Environmental Justice

The Draft EIS includes analysis of how potential environmental impacts from the Proposed Action would affect socioeconomics. Socioeconomics is a broad discipline and includes topics such as employment, tribal revenues, household income, business output, property values and disadvantaged populations. No adverse socioeconomic impacts were identified in the analysis.

In addition to socioeconomics, in accordance with Executive Order 12898, Federal Actions to Address Minority and Low-Income Populations, OSMRE evaluated disproportional impacts to low-income and minority populations in the vicinity of the project. The analysis did not identify any adverse impacts that would significantly or disproportionately affect a minority or low-income population.

Economic Impact

The economic contributions of the Four Corners Power Plant and Navajo Mine were estimated in an economic impact analysis prepared by Arizona State University. In December 2013, Units 1, 2 and 3 of the Four Corners Power Plant were closed to comply with BART. This closure reduces the demand for coal. As a result, levels of economic activity at the power plant and mine are expected to decrease. However, purchase of the mine by NTEC could lead to increased revenue to the Navajo Nation. The Proposed Action does not affect this economic activity.
SUMMARY OF DRAFT EIS IMPACT ANALYSIS (CONTINUED)

Threatened, Endangered and Sensitive Species

OSMRE is evaluating potential impacts to sensitive species in coordination with the U.S. Fish and Wildlife Service, Navajo Nation, Hopi Tribe and Bureau of Land Management. This includes Section 7 consultation under the ESA and assessing impacts to species protected under the Bald and Golden Eagle Act and Migratory Bird Treaty Act. Sensitive species include those listed or candidates for listing under federal or state ESAs, species identified as culturally important by the Navajo Nation or Hopi Tribe, or those included on the Bureau of Land Management’s sensitive species list. OSMRE and the U.S. Fish and Wildlife Service are using regional air deposition and fate and transport models to evaluate ecological impacts to riverine species. The Navajo Nation, Hopi Tribe, Bureau of Land Management and U.S. Fish and Wildlife Service will issue their findings regarding the impacts on sensitive species under their responsibility. The monitoring of ongoing impacts from mine operations will be required under SMCRA.

There are 32 sensitive species potentially present in the project area, but there are no significant impacts identified from project actions. However, the presence of some metals may cause potential risk to these species.

A sample of threatened, endangered and sensitive species in the area:

- Colorado pikeminnow
- Razorback sucker
- Southwestern willow flycatcher
- Zuni fleaban
- Golden eagle
- Mesa Verde cactus
NEPA PROCESS AND COMMUNITY INVOLVEMENT

Community involvement is an important part of the NEPA process. The public participates in the NEPA process during two specific periods. The first period, called the scoping period, was held in 201 prior to beginning work on the Draft EIS. During the scoping period, the public participated by helping to identify environmental issues and potential alternatives. The second period, referred to as the Draft EIS public comment period, occurs after publication of the Draft EIS. This period, which is occurring from March 28, 2014, to May 27, 2014, provides the public an opportunity to review the environmental analysis and comment on the Draft EIS. The table on page 12 describes the steps of the NEPA process and identifies the opportunities for public involvement.

How to Submit Comments on the Draft EIS

Between April 30, 2014, and May 9, 2014, OSMRE is hosting nine open house public meetings to receive comments on the environmental analysis contained in the Draft EIS. During each open house meeting, informational poster stations staffed by project team representatives will be available to provide the public with an opportunity to learn more about the NEPA process, the Proposed Action, alternatives and environmental analysis.

The public is encouraged to participate and comment on the Draft EIS in any of the following ways:

• Submit written or oral comments at the open house public meetings
• Submit comments via email at FCPNNavajoEnergyEIS@osmre.gov
• Send written comments via postal mail, hand delivery or courier to:

Mr. Marcelo Calle
Office of Surface Mining Reclamation & Enforcement
Western Region Office
1999 Broadway, Suite 3320
Denver, CO 80202-3050

All comments must be postmarked by the end of the comment period on May 27, 2014, for consideration in the Final EIS.

For More Information

Informational materials and project documents, including the Draft EIS, are available on the project website at http://www.wrcc.osmre.gov/FCPPEIS.shtm.

More project information also can be obtained by calling Mr. Marcelo Calle, OSMRE EIS Coordinator, at 303-293-5035.
<table>
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<tr>
<th>MILESTONE</th>
<th>DESCRIPTION</th>
<th>SCHEDULE</th>
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<tbody>
<tr>
<td>Notice of Intent to Prepare an EIS</td>
<td>Publication of the Notice of Intent in the Federal Register starts the initial public involvement phase. Notices are also published in local newspapers.</td>
<td>July 18, 2012</td>
</tr>
</tbody>
</table>
| Scoping Period                  | The scoping process involves the public and other agencies in identifying the environmental issues to be addressed in the Draft EIS and other potential alternatives to accomplish the purpose and need. The scoping period for this EIS provided for nine open house scoping meetings and a 105-day public comment period. | Scoping Period: July 18 – Nov. 1, 2012  
Open House Scoping Meetings:  
Hotevilla, AZ – Aug. 9, 2012  
Cortez, CO – Aug. 10, 2012  
Burnham, NM – Aug. 11, 2012  
Nenahnezad, NM – Aug. 13, 2012  
Farmington, NM – Aug. 14, 2012  
Shiprock, NM – Aug. 15, 2012  
Durango, CO – Aug. 16, 2012  
Window Rock, AZ – Aug. 17, 2012  
Albuquerque, NM – Aug. 18, 2012 |
| Draft EIS                       | The Draft EIS presents the analysis of potential environmental impacts for the Proposed Action and alternatives. Public comments that were received during the scoping period are considered in the development of the Draft EIS. A notice announcing availability of the Draft EIS is published in the Federal Register and local newspapers. The Draft EIS is filed with the U.S. E A and made available to interested parties. | March 28, 2014     |
| Public Meetings and Comment Period | NEPA regulations require a minimum of 45 days for the public to comment on the analysis presented in the Draft EIS. OSMRE will be holding nine open house public meetings. Comments may be submitted at the public meetings, via U.S. mail or email. | Comment Period: March 28 – May 27, 2014  
Open House Public Meetings:  
Hotevilla, AZ – April 30, 2014  
Cortez, CO – May 1, 2014  
Burnham, NM – May 2, 2014  
Durango, CO – May 3, 2014  
Farmington, NM – May 5, 2014  
Shiprock, NM – May 6, 2014  
Nenahnezad, NM – May 7, 2014  
Window Rock, AZ – May 8, 2014  
Albuquerque, NM – May 9, 2014 |
| Final EIS                       | The Final EIS is an update to the Draft EIS and incorporates all relevant comments received during the public meetings and comment period. A notice announcing availability of the Final EIS is published in the Federal Register and local newspapers. The Final EIS is filed with the U.S. E A and made available to interested parties. | Early 2015         |
| 30-Day Wait Period              | Regulations provide for a 30-day wait period after the Final EIS is published before the agency may take final action.                                                                                   | Spring 2015       |
| Record of Decision              | After the 30-day wait period, OSMRE selects an alternative and issues a Record of Decision. A notice of the Record of Decision is published in the Federal Register and local newspapers and made available to interested parties. Cooperating agencies will use the EIS to help inform their decision-making process. | Spring 2015       |

**Acronym Finder**

- BART: Best Available Retrofit Technology
- BNCC: BHP Navajo Coal Company
- CCR: Coal Combustion Residue
- EIS: Environmental Impact Statement
- EPA: Environmental Protection Agency
- ESA: Endangered Species Act
- NEPA: National Environmental Policy Act
- NHPA: National Historic Preservation Act
- NMCC: Navajo Mine Coal Company
- NPDES: National Pollutant Discharge Elimination System
- NTEC: Navajo Transitional Energy Company
- OSMRE: Office of Surface Mining Reclamation and Enforcement
- SMCRA: Surface Mining Control and Reclamation Act

May 2014