



U.S. Office of Surface Mining

# News Release



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## **Office of Surface Mining Reclamation and Enforcement Approves Permit Revision for Coal Mine on Arizona's Black Mesa**

Washington, DC (December 22, 2008) – The U.S. Office of Surface Mining Reclamation and Enforcement (OSM) today approved a permit revision for the Black Mesa mining complex in northeastern Arizona.

The revised permit application makes minor modifications to the mining and reclamation plans for Peabody Western Coal Company's Kayenta Mine, which supplies 8.5 million tons of coal per year to the Navajo Generating Station at Page, Arizona. This mine is part of the larger Black Mesa Complex that also includes the adjacent Black Mesa Mine, which used to supply coal to the Mohave Generating Station in Laughlin, Nevada. The permit application also incorporates Black Mesa Mine's surface facilities and coal reserves into the existing Kayenta Mine permit.

"The decision made today provides certainty that the Kayenta Mine can continue operating through 2026," said Brent Wahlquist, OSM Director. "At the same time, this decision does not affect the use of groundwater, nor does it include any plans to mine remaining coal reserves on the Black Mesa portion of the complex," he added.

The use of groundwater associated with the Kayenta portion of the mining complex was approved in 1990, and the revised permit will not affect that use. Likewise, the decision includes no new plans to mine remaining coal reserves within the Black Mesa portion of the mining complex, so the permit decision has no effect on coal production or areas authorized for mining.

The permit decision brings the existing support facilities at the Black Mesa Complex under permanent regulatory program requirements of the Surface Mining Control and Reclamation Act of 1977 (SMCRA). These support facilities have largely been operating since the early 1970s under OSM's initial regulatory program, but the 1990 permit that OSM issued for the Kayenta portion of the mining complex did not include these facilities. As a result, the portion of the application that includes these facilities has been pending since 1985, when Peabody applied for a permit. Approval of the permit revision means that the Black Mesa portion will now need to meet the full suite of performance standards as well as permitting and bonding requirements under SMCRA. Approval

increases the reclamation performance bond for the Black Mesa complex from \$89 million to almost \$250 million. The expanded permit area will now largely coincide with the lease boundary and coal reserves that the Navajo Nation and Hopi Tribe leased to Peabody.

Bringing the entire mining complex under the full reach of SMCRA is also important now that the basis for an earlier permit postponement is moot. In 1990, then-Secretary of the Interior Manuel Lujan, Jr., directed OSM to postpone issuing a permit for the Black Mesa side of the mining complex because the Navajo Nation and the Hopi Tribe had expressed concerns on the use of groundwater to slurry coal to the Mohave Generating Station. In addition, water studies mandated by the coal lease agreements between the tribes and Peabody had not been completed at the time. The issue of using this groundwater to slurry coal became moot when the Mohave Generating Station, along with the coal slurry line, closed three years ago. Earlier this year, Peabody, the sole supplier of coal to the generating station, notified OSM that it is highly unlikely the station will ever reopen as a coal-fired plant. Accordingly, Peabody removed from its pending application those aspects related to resuming the slurrying of coal through a rebuilt pipeline to the Mohave Generating Station.

An electronic copy of OSM's decision on the permit revision application is available for downloading at OSM's Internet website at <http://www.wrcc.osmre.gov/>.

OSM carries out the requirements of SMCRA in cooperation with states and Indian tribes. OSM's objectives are to ensure that coal mining activities are conducted in a manner that protects citizens and the environment during mining, to ensure that the land is restored to beneficial use after mining, and to mitigate the effects of past mining by aggressively pursuing reclamation of abandoned coal mines.

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