

## Seven Hills Mine

March 8, 2017

### Background:

The Seven Hills Mine includes 1,170 acres and is located along the west side of Pigeon Creek in northwest Warrick County. Approximately 12 million tons of high quality coal is in the initial permit area (20+ million tons total) and will be mined and sold to regional utilities. The mine will provide a minimum of 220 high paying direct and indirect jobs and a total annual economic impact of \$94M to Warrick County.

The SMCRA mining permit was approved for Seven Hills in March of 2014. The 404 permit from the Corps of Engineers has been pending with the Corps for several years. The draft permit was placed on public notice in March of 2016. The U.S. Environmental Protection Agency (USEPA), the US Fish and Wildlife Service (USFWS) and the Sierra Club oppose the permit and have asked for an Environmental Impact Statement (EIS) to be completed. Approximately 100 people also submitted form letters in opposition to the project. Many of these letters come from individuals with a history of opposition to coal mining for various reasons. Similar opposition and requests for EIS have been made on past Peabody permits where Peabody and the Corps were able to negotiate final permit terms via the Environmental Assessment/Mitigated Finding of No Significant Impact (FONSI) process. This process has been used for every coal 404 permit in the Illinois Coal Basin. In essence, a robust Environmental Assessment (EA) is completed and additional mitigation is provided to offset any potential significant impacts. The environment is the winner in this process.

USEPA and the USFWS have claimed the wetlands along Pigeon Creek in Warrick County, Indiana constitute an Aquatic Resource of National Importance (ARNI) and have demanded an Environmental Impact Statement (EIS) to be completed for the pending Section 404 permit. These agencies have made similar demands on past Peabody permits in Indiana and these permits were eventually approved with an appropriate EA and Mitigated FONSI. An EIS has never been required for a coal project in the Illinois Coal basin and there is a significant risk that the project will not be completed if an EIS is required. An EA and Mitigated FONSI allow for high value mitigation to offset potential impacts and most often result in more mitigation than an EIS process would require.

Peabody has provided all of the required technical assessments and evaluations for an expanded EA for the Seven Hills project. The permit area is relatively small (~1,400 acres), but possesses a very important coal reserve in terms of coal quality, mining ratio and high volume of coal under each acre to be mined. The agencies have focused their objection on the planned impacts to ~480 acres of wetlands, which comprise < 3% of the wetlands in the watershed. The wetlands are not unique or special as ~80% of the wetlands have been farmed in the past and logging has been completed. There are no unique tree species. Pigeon Creek is an eroding, straightened channel. Any endangered species in the area will be protected through the approved Protection and Enhancement Plan (PEP) approved by the USFWS in the approved Seven Hills SMCRA permit. The extensive SMCRA permit can and should be relied upon by the agencies in the EA.

## Resolution

Consistent with past permits where an ARNI and/or EIS have been requested, Peabody proposes the following mitigation plan to fully satisfy a Mitigated FONSI resolution for the Seven Hills permit:

- 3:1 Forested Wetland mitigation for all PFO wetlands (3 acres of mitigation for 1 acre of impact).
  - Includes 1:1 on site and 2:1 off-site mitigation. The proposed Greathouse Island location is a very large and high quality mitigation site located in the Wabash River floodplain.
  - Assumes appropriate credit is granted from the Corps of Engineers and adjacent watersheds can be utilized. Limited opportunities are available in the Pigeon Creek watershed. High value “preferred” tree species will be utilized.

*In addition* to the direct wetland mitigation, Peabody proposes to complete:

- Lower elevations (by excavation) of previously reclaimed areas on the east side of Pigeon Creek. USFWS has expressed concerns about this area.
- Conduct upstream and downstream monitoring for Nutrients before, during and after mining. Concerns from impacts to Nutrient filtering have been expressed by USEPA. Nutrients are known to derive from Agricultural activities.
- Place a Conservation Easement on a tract of property identified as an Indiana Bat roost tree in a survey from 2006. This is located approximately 3 miles south of the mining area.
- Maintain a wooded corridor along the west side of Pigeon Creek of at least 100’ in width.
- Protection and enhancement of additional high value properties owned by Peabody in the corridor, pending agreement with the Corps of Engineers on appropriate mitigation credit.