1.0 Introduction

The Sabine Mining Company (Sabine), a wholly owned subsidiary of The North American Coal Corporation, proposes to construct, operate, and reclaim the Rusk Permit Area, which would be an expansion of the existing South Hallsville No. 1 Mine, an open-pit lignite mine located in Harrison County, Texas. The proposed Rusk Permit Area encompasses approximately 20,377 acres south of the existing South Hallsville No. 1 Mine and the Sabine River, in Rusk, Panola, and Harrison counties, Texas. The Rusk Permit Area would include the development of sequential mine pits through the removal of soil and rock in order to reach and extract the lignite seams that occur at depths of 30 to 180 feet below the surface. An average of 4.0 million tons of lignite would be mined per year. (Note: Short tons are used throughout this environmental impact statement [EIS]; a short ton equals 2,000 pounds.) The lignite would be trucked to an existing central blending facility located at American Electric Power/Southwestern Electric Power Company's (SWEPCO's) Henry W. Pirkey Unit No. 1 (Pirkey) Power Plant, located approximately 6 miles north of the northern boundary of the proposed Rusk Permit Area. The project also would include construction of access and haul roads, a dragline walkway, sediment control ponds, transmission line, temporary lignite storage areas, non-lignite storage areas, a truck fueling/parking area, and wells for pit dewatering. Several existing county roads (CRs), farm-to-market (FM) roads, state highways (SHs), oil and gas facilities, and utility lines would be relocated or temporarily closed.

SWEPCO, who owns and operates the Pirkey Power Plant, has contracted with Sabine to mine the lignite reserves within the proposed Rusk Permit Area. SWEPCO currently owns or has leased approximately 50 percent of the Rusk Permit Area; most of the remainder is in small private ownership parcels that would be purchased or leased by SWEPCO in advance of mining. Sabine or SWEPCO would obtain the rights-of-entry, and Sabine would obtain all required permits, prior to mining.

The proposed project requires a permit from the Railroad Commission of Texas (RCT) under Title 16, Part 1, Chapter 12 of the Texas Administrative Code (TAC). The RCT permit area for the proposed Rusk Permit Area consists of 20,377 acres; within the permit area, up to 14,392 acres would be disturbed within the mine area and transportation and utility corridor over the 30-year life of the mine for mining and ancillary facilities. Of this total, approximately 500 acres would be disturbed for surface mining at any one time, based on sequential backfilling and concurrent reclamation of the mine pits. Following receipt of all required permits and approvals, construction is projected to begin in 2011, and mining is proposed to begin in 2012. Section 2.5 contains a detailed description of Sabine's proposed construction, operation, and reclamation of the Rusk Permit Area (Proposed Action).

The proposed project requires an Individual Permit (IP) from the United States (U.S.) Army Corps of Engineers (USACE) for the discharge of dredged and fill material into waters of the U.S. under Section 404 of the Clean Water Act (CWA). As the permit decision is a major federal action with the potential to significantly affect the quality of the human environment, the USACE has determined that an EIS is necessary. The USACE is the federal agency preparing the EIS in compliance with the National Environmental Policy Act of 1969 (NEPA), the Council on Environmental Quality (CEQ) Regulations for Implementing the Procedural Provisions of the NEPA (40 Code of Federal Regulations [CFR] 1500-1508), and the USACE Procedures for Implementing NEPA (33 CFR 230). The Section 404(b)(1) evaluation of alternatives is provided in **Appendix A** of this EIS.

The USACE's permit area for this EIS comprises the proposed RCT Rusk Permit Area. This EIS describes the proposed construction, operation, and reclamation of the Rusk Permit Area, including Sabine's proposed environmental protection measures; identifies alternatives to the Proposed Action; and describes the environmental consequences of implementing the Proposed Action and the No Action Alternative.

1.1 Project Setting

1.1.1 Project Location

The proposed Rusk Permit Area is located 1 mile north of Tatum, Texas (**Figure 1-1**), and encompasses approximately 20,377 acres in Rusk, Panola, and Harrison counties. The project site is immediately south of the existing South Hallsville No. 1 Mine Area and the Sabine River, west of SH 43, and north of FM 7096 to the eastern boundary of Gregg County, Texas.

1.1.2 Existing Facilities

The existing South Hallsville No. 1 Mine is located in Harrison County, north of the proposed Rusk Permit Area (**Figure 1-2**), and has been in operation since 1984. The South Hallsville No. 1 Mine currently supplies approximately 4.0 million tons of lignite each year to SWEPCO's Pirkey Power Plant. The power plant is located centrally to the approved permit area for Sabine's South Hallsville No. 1 Mine. The total permitted surface disturbance at the South Hallsville No. 1 Mine is approximately 44,400 acres, which comprises the original permit area and the South Marshall Permit Area, as approved in 1997.

The existing mine currently employs approximately 260 full-time workers. Based on remaining economic lignite reserves, mining in the South Marshall Permit Area of the South Hallsville No. 1 Mine is expected to end in 2027 (Sabine 2010a). Mine closure and final reclamation are anticipated to begin in 2027 and be completed in 2035.

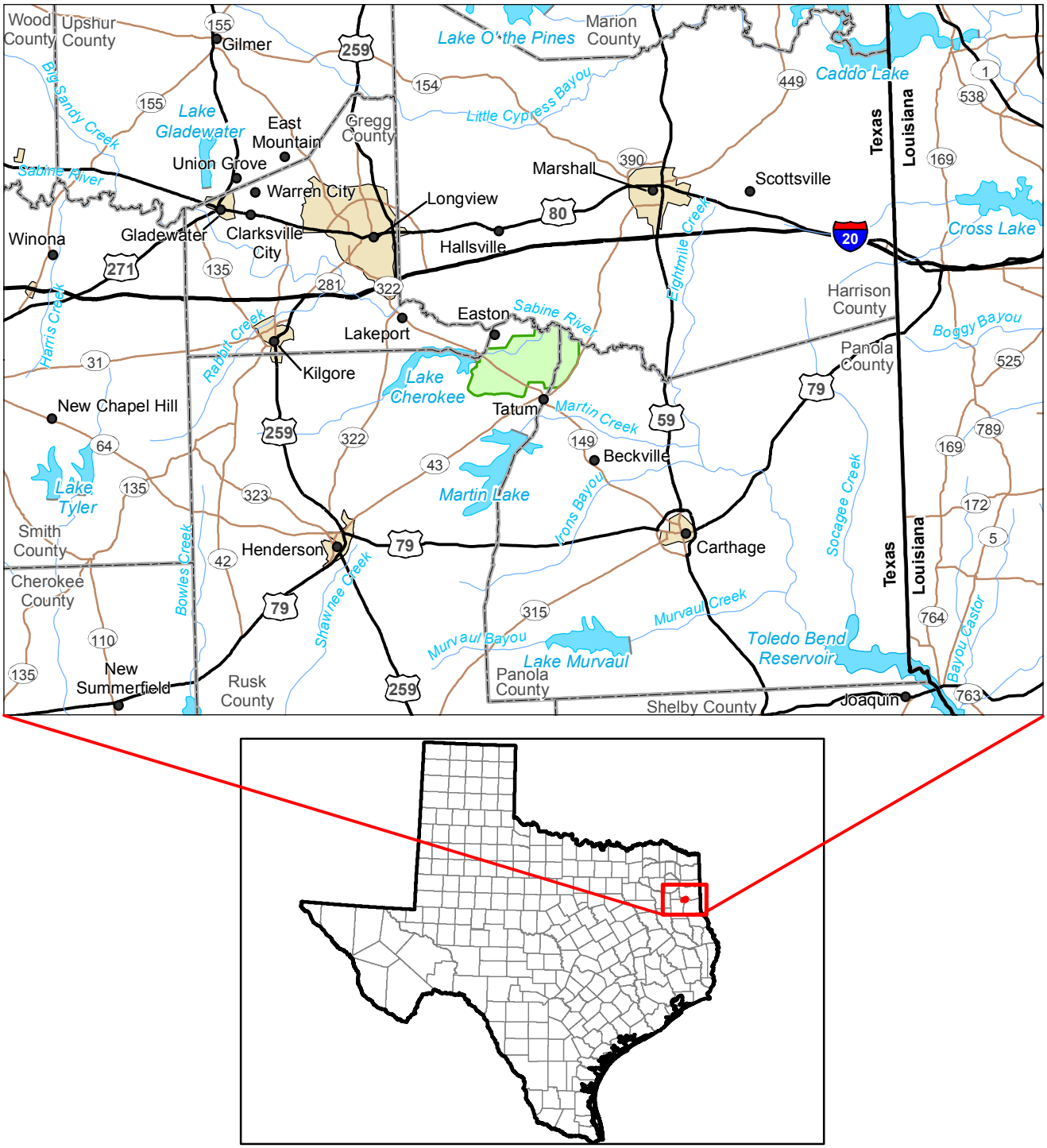
No dewatering is required at the existing South Hallsville No. 1 Mine.

1.2 Purpose and Need

Sabine's purpose of the proposed project is to provide a long-term, reliable, continuous, and economically stable fuel source to SWEPCO's Pirkey Power Plant, thus supporting SWEPCO's efforts to supply dependable, affordable electricity to its customers. Sabine is seeking to utilize a local lignite resource to continue to provide local economic benefit through increased local employment, increased tax base, and indirect job growth in Rusk and Panola counties. Sabine also is proposing to develop the Rusk Permit Area for the purpose of fulfilling the contractual obligation owed by Sabine to SWEPCO to deliver lignite mined from the Rusk County Reserve Area until 2035. Sabine's goal is to develop the Rusk Permit Area in an environmentally acceptable manner.

The proposed Rusk Permit Area is needed because Sabine is nearing the limit on the lignite reserves that can be safely and economically recovered at the existing South Hallsville No. 1 Mine in light of physical and environmental constraints, including environmentally sensitive areas, property encumbrances, and overburden depths. Therefore, Sabine needs a new source of lignite in order to fulfill its contractual obligations to SWEPCO for supplying lignite to the Pirkey Power Plant. The Pirkey Power Plant is in good working order and serves as a reliable source of electric power for its customers; SWEPCO is not proposing any capital investments or physical modifications at the Pirkey Power Plant associated with the proposed Rusk Permit Area. The power plant requires 4 million tons of lignite per year in order to generate 650 megawatts (MWs) of baseload electricity. The electricity generated at the Pirkey Power Plant is a significant portion of the capacity SWEPCO utilizes to satisfy its System Capability obligations under the Criteria of the Southwest Power Pool (SPP). The SPP relies on these requirements and commitments in planning and maintaining reliable operation of the SPP Transmission System. The lignite reserves in the proposed approximately 20,377-acre Rusk Permit Area would dependably supply lignite to SWEPCO to meet the SPP's projected needs until at least 2035, thus allowing Sabine to meet their contractual agreement with SWEPCO.

Based on Sabine's application for an IP, the USACE has determined that the decision to issue, issue with conditions, or deny Sabine's Section 404 permit is considered a major federal action with the potential to significantly affect the quality of the human environment; therefore, the USACE is preparing this EIS to analyze the potential impacts of Sabine's proposed project and reasonable alternatives.



Legend

Proposed Rusk Permit Area Boundary

N

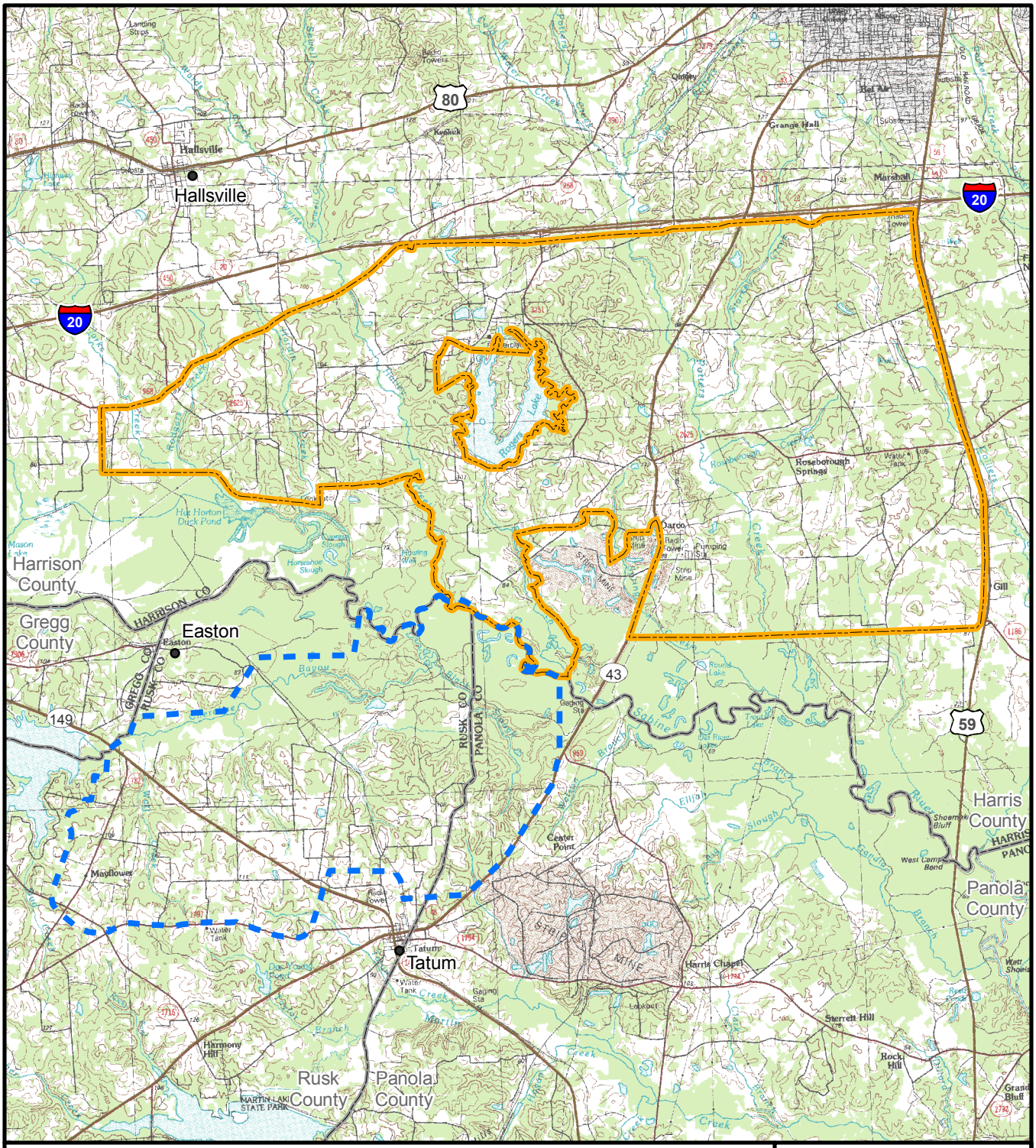
0 5 10 Miles

Rusk Permit Area EIS

Figure 1-1

Location of Rusk Permit Area

02/28/10



Legend

- Existing South Hallsville Permit Boundary
- Proposed Rusk Permit Area Boundary
- County Boundary

N

0 1 2 Miles

Source: Sabine 2009a,b.

3/06/10

Rusk Permit Area EIS

Figure 1-2

Existing South Hallsville No. 1 Mine and Proposed Rusk Permit Area

1.3 Authorizing Actions

Sabine submitted a preliminary application to the USACE on April 17, 2009, for a permit under Section 404 of the CWA and for water quality certification under Section 401 of the CWA. These permits would authorize Sabine to discharge dredged and fill material into waters of the U.S. in association with the construction and operation of the proposed Rusk Permit Area. The USACE's Section 404(b)(1) alternatives evaluation is provided in **Appendix A**. Sabine also submitted an application to the RCT, Surface Mining and Reclamation Division, on May 12, 2009, for a Surface Coal Mining and Reclamation Permit. The application provides information on the construction, operation, and reclamation procedures that would be implemented for the proposed project. Federal, state, and local permits and approvals required for Sabine to conduct mining operations at the proposed Rusk Permit Area are shown in **Tables 1-1** and **1-2**.

No federal, state, or local land use policies, plans, or programs regulating development of the proposed permit area have been identified.

Table 1-1 Other Environmental Permits

Federal	
USACE	CWA, Section 404 permit
	Rivers and Harbors Act, Section 10 permit (required for temporary culvert, exempt for bridge)
U.S. Coast Guard	Coast Guard Authorization Act of 1982, Public Law 97-322 for construction of bridges exemption (Coast Guard Bridge Permit, not required)
U.S. Fish and Wildlife Service (USFWS)	Threatened and Endangered Species Relocation Permit
State of Texas	
RCT	Surface Coal Mining and Reclamation Permit
Texas Commission on Environmental Quality (TCEQ)	Section 401 water quality certification, Waste Water Discharge, Water Rights Exemption, Water Rights Appropriation, Water Supply Contract, Storm Water Notice of Intent for Construction Activities, Storm Water General Permit for Industrial Activities
Texas Parks and Wildlife Department (TPWD)	Marl, Sand, and Gravel Permit; Threatened and Endangered Species Relocation Permit

Table 1-2 Other Requirements, Approvals, and Coordination

Federal	
U.S. Environmental Protection Agency (USEPA)	EIS Review, RCT Permit Review
USFWS	Endangered Species Act (ESA) Section 7 Consultation, Fish and Wildlife Coordination Act
Mine Safety and Health Administration (MSHA)	MSHA Identity Report Training Plan

Table 1-2 Other Requirements, Approvals, and Coordination

State of Texas	
Texas Department of Transportation (TXDOT)	Approval for Road Closures
Texas Historical Commission	Compliance with National Historic Preservation Act (NHPA), Section 106 Consultation and American Indian Religious Freedom Act
TCEQ	Notification of Open Burning
Local	
Harrison, Panola, and Rusk County Clerks	Floodplain Construction Authorization
Harrison, Panola, and Rusk County Sheriffs	Notification of Open Burning
Panola County Commissioners Court	Approval for Panola County Road Closures
Rusk County Commissioners Court	Approval for Rusk County Road Closures

1.4 Organization of the EIS

This EIS complies with the CEQ EIS requirements (40 CFR 1502.10) and the USACE's requirements (33 CFR 325, Appendix B). Chapter 1.0 provides descriptions of the purpose of and need for the action, the role of the USACE in the EIS process, and the required regulatory actions for the proposed project. Chapter 2.0 describes the alternatives, including the Proposed Action and the No Action Alternative, as well as the past, present, and reasonably foreseeable future actions (RFFAs) considered in the cumulative effects analyses. Chapter 3.0 describes the affected environment and the potential direct, indirect, and cumulative impacts associated with the project alternatives; possible mitigation to minimize or compensate for impacts; and any residual adverse effects following the implementation of mitigation. Chapter 4.0 summarizes public participation and the scoping process, and the consultation and coordination undertaken to prepare the EIS. Chapter 5.0 presents the list of EIS preparers and reviewers. Chapter 6.0 provides the list of references. Chapter 7.0 contains the glossary. Chapter 8.0 contains the index. Copies of supporting documents are available for public review on the USACE Fort Worth District website at: http://www.swf.usace.army.mil/pubdate/environ/regulatory/index.asp. Technical documents will be available a minimum of 60 days past the date of the USACE's Record of Decision for this project.