

SCREENING REPORT

**Luscar Ltd.'s
Coal Valley Mine Mercoal East –
Phase 2 Project**

Mercoal (Yellowhead County), Alberta

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**SCREENING REPORT
LUSCAR LTD.'S
MERCOAL EAST PHASE 2 PROJECT**

The Luscar Ltd. (Luscar) proposal involves a continuation of mining activities within the Coal Valley Mine operating area. Specifically, Luscar is proposing to develop the Mercoal Phase 2 mining block (MP2). Currently, Luscar is undertaking mining operations in its Mercoal Phase 1 (MP1) area and the proposed mining plans involve the continuation of the current dragline mining sequence from the MP1 area into the MP2 area. This continuation involves progressively advancing westward until mining ceases approximately 0.5 to 1.0 kilometres east of the community of Mercoal. Luscar anticipates that the MP2 development will support dragline production until 2009 and backhoe mining until approximately 2011.

The proposal was referred to the Regional Environmental Manager (Manager) of the Central Region, Alberta Environment to determine whether Luscar should be required to prepare an Environmental Impact Assessment (EIA) report. The Manager decided that further assessment was required to make such a determination through the preparation of a Screening Report. Consequently, Luscar was directed to disclose the Project to the public, and invite the public to provide advice to the Manager.

The Screening Report is a summary of information available on the proposal from Luscar, Statements of Concern filed by the public, and advice from various government agencies. The Screening Report demonstrates that sufficient information with respect to environmental issues was considered by the Manager to determine whether Luscar is required to prepare an EIA report.

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1.0 INTRODUCTION

Since 1978, Luscar's Coal Valley Mine has operated and sold nearly 50 million metric tonnes of coal across Canada and around the world primarily for electric power generation. In April 2004, Luscar met with Alberta Environment (AENV) to discuss its intent to carry on mining activities at Coal Valley. Specifically, Luscar disclosed its plan to develop the Mercoal Phase 2 (MP2) mining block of its permitted area (Energy and Utilities Board [EUB] Permit #2004-1). This development involves the continuation of the current dragline mining sequence from the Mercoal Phase 1 (MP1) area into the MP2 area. Luscar is currently mining the MP1 area.

2.0 REGULATORY HISTORY

Previous Environmental Impact Assessment (EIA) reports submitted to the Department have included either directly or indirectly the MP2 Project within their assessments. Specifically, Manalta Coal Limited (Manalta) submitted an EIA report for a much larger project within the Mercoal property in 1982. After a regulatory review and public hearing on November 2, 1982, the EUB issued a mine permit and approval for the Project on November 16, 1983. After the decision, Manalta did not pursue obtaining the required approvals from AENV, and the Mercoal Project did not commence. In 1996, Luscar submitted an EIA report for the Cheviot Mine. This EIA report also recognized the entire Mercoal property including the MP2 project within the cumulative effects assessment (CEA) for the region.

After reviewing Luscar's proposal and meeting with the company, the Approval Manager for the Central Region referred the proposal as per Section 41 of the *Environmental Protection and Enhancement Act* (EPEA) to the Regional Environmental Manager (Manager) for the Central Region for further consideration under the Environmental Assessment process.

After further examination of the proposal and past regulatory filings, the Manager decided that the mine extension was a proposed activity that required further assessment under 44(1)(b)(i) of the EPEA to determine if an EIA report would be required. Luscar was notified of the decision that further assessment would be required. Luscar was directed to publish a Notice that the Manager was assessing the need for the company to prepare an EIA report and to invite public input into the matter.

2.1 Purpose of Screening Report

A Screening Report assists the Manager in determining whether an EIA report is needed to provide information to make the regulatory decisions that will prevent, minimize or mitigate adverse effects from a proposed activity or project. This Screening Report has been prepared to gather information related to the proposed mine to assist the Manager in determining if there is a need for Luscar to prepare an EIA report.

Information is needed to understand the nature of an activity or project, its setting, its potential environmental effects, and the proposed mitigation of the impacts. Some types of information are best obtained and assessed through the preparation of an EIA report. Typically this includes information about large, complex activities occurring in sensitive environments that may have a broad range of environmental, health, socio-economic and infrastructure effects requiring management or mitigation. An EIA report is also valuable for decision-makers when there is a substantial lack of technical and/or environmental information associated with a proposed project. For less complex activities with well-understood effects, information can be obtained and reviewed through the various approval applications required for the Project.

2.2 Regulatory Processes

Alberta Environment Approval Processes

In addition to decisions concerning the application of the Environmental Assessment process, AENV has responsibility under EPEA for reviewing applications for the opening up, operation and reclamation of a mine. AENV also has the responsibility under the *Water Act* to review licence applications for any use or diversion of water. In general, when approvals are issued by AENV, the EPEA approval regulates mining activities and water quality including drinking water and wastewater, while the *Water Act* licence regulates surface and groundwater quantity.

Both the EPEA and *Water Act* application review processes provide opportunities for directly affected persons to submit Statements of Concern (SOC). The minimum time for filing a SOC is 30 days after the proponent publishes a notice that an application has been filed under EPEA or the *Water Act*. The Approval Manager must consider SOC's when making a decision under EPEA or the *Water Act*. Any person whose comments are accepted as a SOC has an opportunity to appeal a decision with respect to an EPEA or *Water Act* application to the Alberta Environmental Appeal Board.

Lease Approval Process

Alberta Sustainable Resource Development (SRD) is responsible for managing Alberta's public lands under the *Public Lands Act* (PLA). As land manager, SRD is responsible for issuing dispositions under the PLA. With respect to the Project, potential wildlife and land access issues in the area can be dealt through the PLA approval process. Through the PLA process, SRD has the ability to obtain whatever information it believes necessary before granting a disposition under the PLA. Furthermore, SRD has the ability to stipulate any condition(s) within its disposition that it deems necessary to address any issues identified during the lease approval process.

EUB Processes

The EUB is responsible for the issuance of mine permits and licenses in accordance with the *Coal Conservation Act*. Currently, Luscar has a mine permit (#2004-1) from the EUB that encompasses the entire Mercoal property originally permitted in the Manalta application. This permit includes the MP2 Project.

2.3 Information Sources Cited

The following information sources were considered in the preparation of this Screening Report:

- Regulatory Review document submitted by Luscar entitled "*Mercoal East, Phase 2 Project – Regulatory Review*" – June 2004;
- Project Description document submitted by Luscar entitled "*Mercoal Phase 2 Project – Project Description Document*" – September 2004;
- *Coal Valley Mine Newsletter* – September 2004;
- "*Coal Valley Mine Licence Application 2004 – Public Consultation Coal Valley Response To Comments, Questions and Concerns*" – October 28, 2004;
- "*Coal Valley Mine Licence Application 2004 – Public Involvement Interim Report*" – November 1, 2004;
- Statements of Concern (Appendix "A");
- Referral comments from government agencies;
- Advice from Alberta Environment staff; and

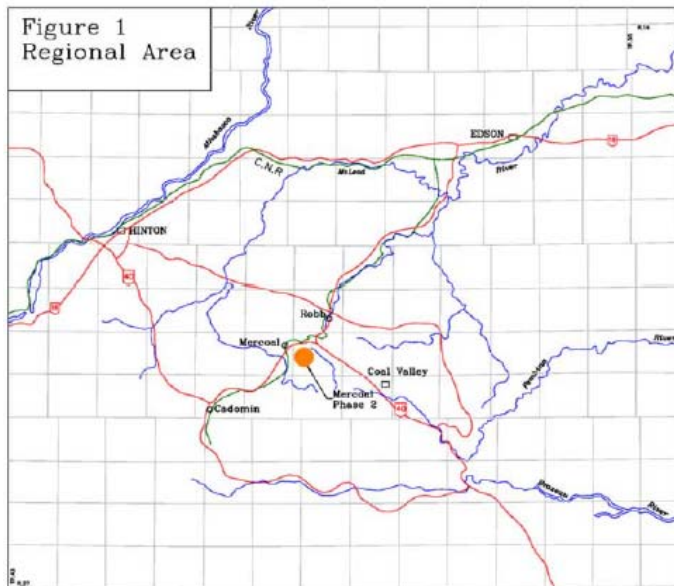
- Relevant Alberta legislation, policies, guidelines and other published documents referenced for this report including the following:
 - *Environmental Protection and Enhancement Act;*
 - *Water Act;*
 - *Public Lands Act;*
 - *Historical Resources Act;*

 - *Coal Conservation Act;* and
 - Coal Branch Sub-Regional Integrated Resource Plan (1990).

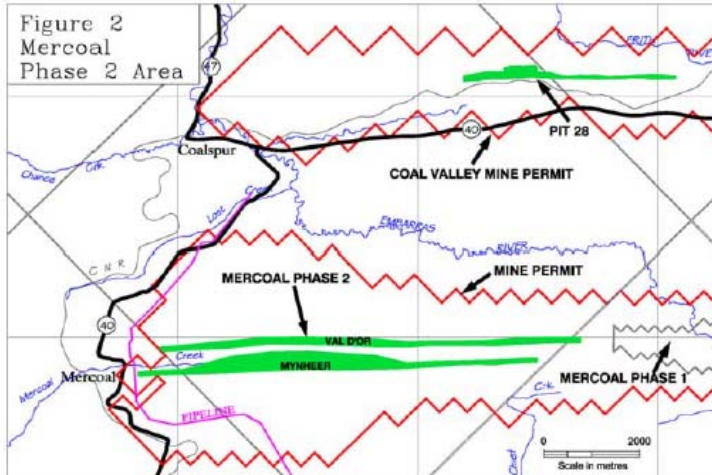
3.0 PROJECT DESCRIPTION

3.1 Location

The Coal Valley Mine is located approximately 100 kilometres south of Edson in the Coal Branch area of Alberta (Figure 1). The area has an extensive coal mining history dating back to the early 20th century. Surface mining was introduced during the 1930's.



The proposed MP2 Project is located between the current MP1 mining area and the community of Mercoal. The western end of the proposed mining area is located approximately 0.5 kilometres east of the community of Mercoal (Figure 2). The MP2 mining area contains two major coal seams, the Val D'Or and Mynheer. According to the Coal Branch Integrated Resource Management Plan (IRP), the proposed MP2 Project is located in the Robb Highlands Resource Management Area on lands that are zoned (Zone 5) for multiple use. Consequently, coal mining is a permissible activity at the proposed location.



3.2 Detailed Project Information and Mining Timeframe

According to Luscar, mining would utilize both dragline and backhoe/truck mining methods and coal would be hauled to the existing coal processing facility through the current mining area. Luscar also indicated that the MP2 development would support dragline production until 2009 and backhoe mining to approximately 2011, and that the projected annual production for the mine is estimated at approximately 2.5 million tonnes per year.

4.0 CONSULTATION AND STATEMENTS OF CONCERN

Public input is an important component of the EPEA decision-making process. The review process provides an opportunity for persons directly affected by a project to provide their comments about the project early in the process. With this in mind, proponents have generally recognized the value in obtaining input from the public early in the project planning and development process. Proponents often hold information sessions and open houses to gauge the public acceptability of projects and to determine what kinds of information will be needed to address public concerns.

4.1 Alberta Environment

On March 22, 2004, Luscar notified AENV via letter of its proposed MP2 Project. In response, AENV and the EUB met with Luscar on April 22, 2004, to discuss the environmental, regulatory, and technical mining aspects of the proposal. AENV requested that Luscar provide additional information to support its position that previous environmental assessments were applicable to its current proposal. In response, Luscar submitted a document entitled "*Mercoal East, Phase 2 Project – Regulatory Review*" – June 2004. The Department reviewed the document and met with Luscar on August 13, 2004, to discuss its findings. Shortly after, the Approval Manager for the Central Region referred the proposal as per Section 41 of the EPEA to the Manager for the Central Region for further consideration under the Environmental Assessment process.

After conducting an initial review, the Manager decided that the proposed mine was a proposed activity that required further assessment under 44(1)(b)(i) of the EPEA to determine if an EIA report would be required. Luscar was notified on September 15, 2004, of the decision that further assessment would be required. Luscar was directed to publish a Notice that the Manager was assessing the need for the company to prepare an EIA report and to invite public input into the matter. On September 27, 2004, Luscar published notices in two regional newspapers, the *Edson Leader* and *Hinton Parklander*. As part of the Screening process, AENV referred the Project to various government agencies to identify any issues or concerns with the proposal.

4.2 Luscar's Consultation Activities

Luscar undertook a public consultation program to solicit feedback and identify stakeholder concerns regarding the Project. Specifically, Luscar embarked on the following public consultation activities:

- A newsletter was sent to the public contact list for the Coal Valley Mine in September 2004, describing future activities at the mine, which included a description and map of the MP2 Project. The newsletter solicited feedback from stakeholders to express any comments/concerns that they may have had with the proposed development. In addition, the newsletter invited area residents to attend an Open House in the community of Robb on October 19, 2004, to discuss and provide feedback on the proposed Project;
- Letters of October 4, 2004, inviting members of the public contact list for the Coal Valley Mine and Aboriginal contact list to attend an Open House in Robb;
- Letter of October 4, 2004 inviting residents of Mercoal to attend an Open House in Edmonton on October 20, 2004;
- Two Open Houses (Robb and Edmonton); and
- Direct contact with stakeholders (e.g., one-on-one and small group meetings).

4.2.1 Feedback Received by Luscar

As a result of its public consultation initiatives, Luscar generated considerable feedback from the public. To summarize the public's concerns, Luscar submitted to AENV a document entitled "*Coal Valley Mine Licence Application 2004 – Public Involvement Interim Report*" – November 1, 2004, for its review. Within the document, Luscar identified all the issues raised by stakeholders due to its consultation efforts. The most prevalent issues are listed below:

Reclamation

The public was quite concerned over the limited amount of reclamation at the current Coal Valley Mine. Although some reclamation activity has occurred at the mine, stakeholders expressed their view that more activity should have been completed to date.

Recreational Access

Various recreational users expressed concerns over the Project's potential impacts to various recreational opportunities in the area.

Wildlife

Various stakeholders raised several points with respect to impacts to wildlife, health, movement/migration and opportunities to hunt.

Mine Operations

Residents of Mercoal were concerned that Luscar had intentions of mining through the community and raised the possibility of winter mining to reduce impacts of noise and dust.

Water Supply

Stakeholders expressed concern over the potential impact the Project may have on the quality of water from Steeper Spring and Mercoal Creek.

Noise/Dust/Visual Impacts

Residents of Mercoal raised a general concern that the MP2 Project could potentially negatively impact them with respect to an increase in noise and dust from mining operations, as well as, visually within the immediate vicinity of the mining operations.

Additional Stakeholder Contact

Several groups and individuals (e.g., First Nations and recreational users groups) expressed a desire to meet with Luscar one-on-one to discuss their concerns and issues further.

Mercoal Leases

Some residents of Mercoal expressed concerns that the government may plan to take away or not renew their leases after 2012.

4.3 Statements of Concern

Luscar published notices in the *Edson Leader* and *Hinton Parklander* on September 27, 2004, advising that the Manager was considering the need for Luscar to prepare an EIA report on the mine. Persons directly affected by the Project were advised to submit their SOC to the Manager by October 28, 2004. Two members of the public submitted SOCs to the Department expressing their concerns with the Project. All submissions were placed on the Register of Environmental Assessment Information and are available to the public. Copies of all submissions were sent to Luscar as information.

Mr. Ray Howarth, Jr. of Duffield submitted a SOC expressing his concerns with the MP2 Project. Mr. Howarth indicated that he is indirectly impacted by the Project as he is an avid outdoorsman who frequents the areas adjacent to the proposed and existing developments on a year-round basis. His main concern is impacts to wildlife, particularly their ability to migrate, due to mining, logging and seismic activity in the area. Mr. Howarth indicated that the mining development would have an impact on the movement/migration routes of big game and furbearer species in the area. Mr. Howarth suggested that the current mine site has no “wildlife friendly” corridors or anthropogenic structures that allow animal movement across the development and that the proposed Project will be similar in that it will be an impassable barrier for wildlife. Mr. Howarth also alluded to the fact that this land must be reclaimed and returned back to the public.

Mr. Mike Naef of Hinton also submitted a SOC. Mr. Naef indicated that he is a trapper on Registered Fur Management Areas 2584 and 2064. Similar to Mr Howarth, Mr. Naef’s primary concerns are related to wildlife. First, he indicated that mining in the South Block and the proposed Project are in the “heartland of his trapline” and are affecting his trapping activities. Mr. Naef acknowledged that Luscar is compensating him for their impacts to his trapline. Still, Mr. Naef remains concerned over the proposed Project’s impacts to wildlife movement in the area. Mr. Naef is concerned that the Project will hinder wildlife movements from the Embarrass River Valley to higher grounds. Mr. Naef asserts that there should be natural corridors to allow for wildlife migration in an east-west direction. Mr. Naef also expressed his concern with regards to the limited amount of reclamation that has taken place to date at the Coal Valley Mine. His view is that previously disturbed areas should be reclaimed prior to SRD granting the company another mineral surface lease (MSL) for the MP2 Project.

4.4 Government Agency Advice

In conjunction with the Notice to the public requiring further assessment, the Manager provided information about the Project to the following provincial agencies and requested their advice:

- Alberta Environment
 - Central Region, Regional Services

- Alberta Sustainable Resource Development
 - Public Lands and Forest Management Division
 - Fish and Wildlife Division
 - Alberta Community Development,
 - Alberta Economic Development,
 - Alberta Learning,
 - Alberta Energy,
 - Alberta Human Resources and Employment,
 - Alberta Aboriginal Affairs and Northern Development,
 - Alberta Health and Wellness, and
 - Alberta Transportation.
-
- Canadian Environmental Assessment Agency
 - Department of Fisheries and Oceans

5.0 EVALUATION OF ISSUES AND CONCERNS

The main issues and concerns raised by the public and by government agencies are summarized in the following sections.

5.1 Reclamation

One SOC filer and several stakeholders expressed their concerns with the apparent backlog of reclamation presently at the Coal Valley Mine. Public feedback from Luscar's Open Houses at Robb and Edmonton, as well as, direct contact between the company and stakeholders suggest that the status of current reclamation and the future reclamation schedule was one of the more important issues raised during the Screening process.

SRD (Public Lands and Forest Management Division) expressed its concern that an extensive backlog of outstanding reclamation existed at the Coal Valley Mine. To address the issue, AENV indicated that it may condition the EPEA approval to reduce the reclamation shortfall at the mine site.

Luscar acknowledged that there is a shortfall in completed reclamation over the past several years at Coal Valley. To address the concern, Luscar indicated that it is currently initiating a corporate wide effort to eliminate reclamation backlogs at all of its mines including Coal Valley over the next ten years. Specifically, Luscar indicated that as part of this initiative, the 2005 budget for Coal Valley includes provisions for a significant increased effort in reclamation leveling and topsoil placement. Luscar also indicated that lands in the eastern portion of the mine would be targeted with the highest priority for completion.

5.2 Wildlife

With respect to wildlife, SOC filers expressed general concerns regarding the proposed Project's overall impacts to their movement in the area.

SRD's (Wildlife Management) submission indicated that their primary wildlife issue with this application is the potential impact of the mine extension on the viability of grizzly bear populations in the area. Although previous cumulative effect assessments have been conducted indirectly on grizzly bears in previous EIA reports, SRD suggested that new information (past four to five years) obtained in the Foothills Model Forest Yellowhead Ecosystem Grizzly Bear Project should be used to evaluate the impacts that MP1 had on the distribution, movements and

habitat use of grizzly bears within the area of mine influence and evaluate the potential impacts that MP2 may have. To update past grizzly bear assessments, SRD recommended that Luscar undertake some further work and submit a report to SRD for review. As a minimum, SRD requested that the company:

1. Summarize current knowledge of grizzly bear use around Phases 1 and 2 of the Mercoal area. Specifically, provide information on habitat use, movements and distribution;
2. Summarize knowledge of grizzly bear use around Phase 1 while active mining is in progress; and
3. Develop and implement a long-term monitoring program with respect to Phases 1 and 2 Project.

Luscar's view is that extensive baseline wildlife inventories, which include grizzly bears, have been completed for the entire Mercoal area, including the MP2 Project. In its document entitled "*Mercoal East, Phase 2 Project – Regulatory Review*" – June 2004, Luscar cited several past applications that in some respect dealt with the impacts of mining activities covering the entire Mercoal lease to wildlife. Some of the specific applications cited as dealing with cumulative impacts to wildlife species are as follows: 1) the *Cheviot Mine Project EIA report* (1996); 2) *Coal Valley Mine EIA report and Supplemental Information* (1999); and 3) *Cheviot Coal Project – EUB Decision 2000-59* (2000).

5.3 Noise/Dust/Visual Impacts

Several stakeholders expressed a concern that mining activities may increase noise and dust levels in Mercoal and negatively impact the visual aesthetics of the area.

Alberta Health and Wellness (AHW) also expressed a concern about the potential for the Project to generate noise and impact air quality and thus potentially impact the health of the residents of Mercoal. To address its concern, AHW requested that further assessment on the potential impacts on human health be conducted with respect to noise, as well as, potential air emissions including dust since mining operations (e.g., dragline and trucks/shovel) have the potential to generate a variety of airborne emissions such as particulate matter (PM) and sulfur dioxide (SO₂).

Luscar has indicated that the effects of noise and dust generated by heavy equipment as it relates to communities near coal mining activities are familiar to the company and can be mitigated with distance, buffers and operating techniques. Luscar has indicated that it will determine the possible effects to Mercoal and develop a specific mitigation strategy that will be provided to the Mercoal residents. With regards to visual impacts, Luscar has stated that mining equipment will operate no closer than 0.5 kilometres from any residential area, and that a visual and acoustic buffer comprised of native forest just east of the Petro-Canada gas pipeline right-of-way will diminish the visual impact of the mine and dragline. Luscar also indicated that operations within the western portion (0.5 to 1.0 kilometres east of Mercoal) of the MP2 mining block would be limited to only a few months, thus reducing the duration of any potential impacts.

5.4 Recreational Users

Mr. Naef, SOC filer, expressed his concern that recreational use for campers, quaders, snowmobilers (Lovett River staging area) and hunters will be negatively impacted by the Project. From the Open Houses, several recreational users, particularly the All Terrain Vehicle (ATV) groups, expressed their concerns that mining will restrict ATV access within the immediate area of the mine. ATV users requested that Luscar maintain opportunities that allow safe access across the mine during and after active operations.

To address these concerns, Luscar met with representatives of the recreational ATV clubs in Edson and Hinton areas on November 15, 2004, and committed to provide the groups with some options to address the issues of access that would allow for the continued safe use of the area, as well as, the Lovett staging facility during and after mining.

5.5 Air Quality

AENV staff indicated in its submission that air quality issues associated with the Project could effectively be addressed through the approval processes under EPEA.

With respect to air emissions, Luscar has indicated that the proposed MP2 Project would not generate any additional emissions from the coal processing plant beyond what its existing EPEA approval permits.

5.6 Water Resources

The main concerns expressed by stakeholders, particularly the residents of Mercoal, were the potential impact of mining activities on Steeper Spring, a popular drinking water source for the community, as well as, the potential impact to Mercoal Creek which stakeholder(s) use for periodic washing activities.

With respect to potential impacts to water resource, AENV staff indicated that water quantity (diversion) and quality matters could be effectively addressed through the approval processes under EPEA and the *Water Act*.

With regards to water quality, Luscar indicated in its proposal that all surface runoff and all water transferred out of the pit areas at the Coal Valley Mine will be collected and retained in storage areas, where it will be treated to remove suspended sediment prior to release into the environment. Likewise, Luscar indicated that a similar series of storage areas and settling ponds would be developed for the MP2 Project to ensure that water quality standards are achieved.

With regards to surface and groundwater quantity, Luscar's proposed development requires a section of Mercoal Creek being rerouted to allow for the mine extension. Prior to developing the area, Luscar indicated that it would implement various mitigation strategies to address any potential effects on Mercoal Creek. In addition, Luscar indicated that shallow groundwater would be intercepted by the mining activities and result in localized areas of groundwater draw down. Luscar's view is that groundwater levels will re-establish themselves quickly after mining is completed and described the impact as short term. Recognizing the proximity of the MP2 Project to Mercoal, Luscar undertook an evaluation of the potential impacts on water wells including completion of a water well survey with the residents to determine the use of groundwater. Luscar indicated that this information would be provided directly to the residents of Mercoal for their review.

5.7 Fisheries

SRD (Fisheries Management) expressed its need to be part of the EPEA and *Water Act* approval processes to ensure that its concerns were addressed. Specifically, SRD indicated that its participation in the review of the Project would ensure that any fisheries studies would be sufficiently comprehensive to establish the use by fish stocks of existing water courses, as well as ensure that water quality monitoring programs were detailed enough to address mining impacts to fish stocks, particularly for end pit lakes.

The Department of Fisheries and Oceans (DFO) also expressed an interest in the Project with respect to the fisheries resource and indicated that it would likely be a Responsible Authority since the proposed development requires approximately a three kilometre section of Mercoal Creek being rerouted to allow for the mine extension. DFO indicated to AENV that it met with Luscar to discuss federal regulatory requirements with regards to the Project.

Luscar indicated that previous fisheries surveys have identified several species within the MP2 area; however, the overall habitat available is of poor quality with seasonal use by sport fish.

5.8 Vegetation Resources

Concerns were expressed by AENV staff in regards to potential impacts the Project could have on an extensive wetland complex (fen) located in the central portion of the MP2 mine footprint area.

Luscar has indicated that due to the environmental considerations and difficulties of mining through the area, it currently plans to bypass the complex, so mining activities will not impact the function of the wetland.

5.9 Archaeological Resources

Alberta Community Development (ACD) indicated that several known historic sites occur within the proposed development area and, given the recognized high density of prehistoric and historic period source in the region, additional historical resources will likely be present. Given the likelihood of their occurrence, ACD indicated that Luscar would be required to submit a Historical Resources Impact Assessment (HRIA) to identify the Project's impacts to historical resources prior to the development proceeding.

5.10 Future Realignment of Highway 40

Alberta Transportation (AT) indicated that in 1972, it completed a location study regarding the future alignment of Highway 40 in the Mercoal area. An outcome of the study was that a Provincial Reservation (RDS11857) was placed between the communities of Robb and Cadomin to safeguard AT's interest in the future alignment of the highway. AT indicated that the scale of mapping provided in the Project Description document was insufficient to determine whether the Project would affect the reservation area. AT requested that a detailed plan be submitted by Luscar to help AT assess the extent of any potential conflict and requested that Luscar contact AT to ensure a coordinated approach is taken to resolve any potential conflicts in relation to the future Highway 40 right-of-way requirements as development of the mine may progress.

5.11 Socio-Economic

In regards to socio-economic impacts, Luscar has indicated that the proposed mining activity is vital for continued operations of the Coal Valley Mine. If the decision is to undergo the Environmental Assessment process, Luscar has indicated that such a delay could result in an interruption in mine operations, which could potentially have a negative impact to its employees, the municipality and surrounding communities in the region.

6.0 SUMMARY AND CONCLUSIONS

AENV has carefully considered the advice provided by the public and government agencies and information provided by Luscar. The Screening Report has identified the following items:

1. Reclamation issues, including the backlog of reclamation at Coal Valley, can be dealt with effectively through the EPEA approval process. Acceptable reclamation standards would be stipulated within any approval issued by AENV.
2. Various stakeholders and SRD identified wildlife movement/migration in the area, particularly in relation to larger species such as grizzly bears, as potentially being impacted by the proposed Project. Both AENV and SRD recognize that past applications have dealt indirectly with MP2 impacts to wildlife including its cumulative effects. Still, SRD strongly believes it is prudent to update and validate past assessments using the most current information available. A reassessment of project impacts to grizzly bears, as well as, cumulative impacts associated with the Project on grizzly bears can be effectively dealt with through either the EPEA or PLA lease approval processes. SRD can review the updated information and through the approval processes impose, if necessary, conditions to mitigate any potential impacts.
3. In its submission, AHW identified elements of the Project that may have the potential to affect human health. AHW requested that Luscar provide further information to determine impacts on human health.
4. With respect to land access by the public in the region, SRD, as land manager, has the ability to consider and address any stakeholder concerns. Through its PLA approval process, SRD has the ability to impose, if necessary, conditions with respect to suitable access on Public Lands.
5. Air quality issues, including dust, can be dealt with effectively through the EPEA approval process. Acceptable limits on various air emissions would be stipulated within any approval issued by AENV. AENV has developed industry standards and guidelines that regulate air emissions to protect the environment and health of Albertans.
6. Similar to air quality, water resource concerns can be dealt with effectively through the EPEA and *Water Act* approval process. Again, AENV has the ability to condition any approval to ensure that water quantity and quality is protected.
7. Similar to wildlife, the concerns raised by SRD with regards to fisheries can be effectively addressed through the EPEA approval processes. Any approvals that may be issued could include conditions to protect fisheries resources. Besides provincial regulatory requirements, any activities associated with the mine that affects fish or fish habitat will also require authorization under the *Canada Fisheries Act* from DFO.
8. ACD indicated that several known historic sites occur within the proposed development area and, given the recognized high density of prehistoric and historic period source in the region, additional historical resources will likely be present. Given the high likelihood of historical resources in the area, ACD indicated that Luscar would be required to submit an HRIA to identify the Project's impacts to historical resources. Information needed to address historical resource impact is required to receive clearance by ACD under the *Historical Resources Act* prior to the development of the Project. An EIA report is not needed to obtain this information.
9. AT identified a potential concern with the Project in regards to impacting future road realignment of Highway 40. AT requested that a detailed plan be submitted by Luscar to help AT assess the extent of any potential conflict and requested that Luscar contact AT to ensure

a coordinated approach is taken to resolve any potential conflicts in relation of the future Highway 40 right-of-way requirements as development of the mine may progress. Given the permitting requirements of AT for the Project, the Environmental Assessment process is not required to obtain this information.

7.0 RECOMMENDATION

After reviewing various submissions from Luscar, government agencies, and the public during the screening process with respect to Luscar's proposed MP2 Project, as well as, past EIA reports submitted for coal mining activities in the region, the Environmental Assessment Team recommends that the preparation of an EIA report by Luscar is not warranted for the following reasons:

1. Although various concerns and information deficiencies were identified in Luscar's proposal by government agencies and the public, these shortcomings can be effectively dealt with through various provincial and federal approval processes. Although an EIA report is not recommended, a thorough environmental review of the Project that includes public input will still be conducted under the approval process. Specifically, opportunities for public input are available during the EPEA and *Water Act* application review processes.
2. Through its public consultation efforts, Luscar identified various concerns from the public regarding its Phase 2 development within the Mercoal East area. Luscar submitted a letter to AENV on November 25, 2004, outlining its commitments to address public concerns (Appendix B). Besides Luscar's public consultation efforts, the screening process provided an opportunity for AENV to assess the public's concern about the Project.
3. Since the concerns and issues identified during the Screening process can be handled effectively through various provincial and federal approval processes, the Environmental Assessment Team recommends that Luscar be advised that further assessment of the proposed activity under the Environmental Assessment process is not required, and that the company may apply for the various approvals required by the proposed activity.
4. The Regional Approval Manager should be advised as per Section 45(3)(c) of EPEA that Luscar should submit additional information in regards to potential project and cumulative impact to grizzly bears and human health in support of its approval applications.

APPENDIX "A"

Statements of Concern

Received Pursuant to the Public Notice

Published By Luscar Ltd.

on September 27, 2004

APPENDIX "B"

Letter of Commitment

Received By Alberta Environment from

Luscar Ltd.

on November 25, 2004