

Powder River Coal

Fax Transmittal Sheet

Engineering/Environmental

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Including this page, there are a total of 3 pages. Should they arrive illegible, please call (307) 687-3900. Return messages can be addressed to our fax at (307) 687-3934.

Comments: *- RE: Preliminary Draft Corridor Map Comments - West-White Energy Corridors*

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**PEABODY ENERGY**

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July 10, 2006

Julia Souder
Office of Electricity Deliverability and Energy Reliability
Room 8H-033
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585
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RE: Designation of Energy Corridors on Federal Lands in 11 Western States, Comment on the Preliminary Draft Energy Corridor Map

Dear Mr. Souder:

On behalf of Peabody Energy (NYSE: BTU), I appreciate the opportunity to review the preliminary draft energy corridor maps. Peabody is the world's largest private sector coal company with 2005 sales of 240 million tons. Peabody fuels more than 10% of U.S. electricity and almost 3% of the world's electricity generation. Peabody's three surface coal mines in the Wyoming Powder River Basin operated at peak levels in 2005, shipping a record 125.7 million tons of coal. Its North Antelope Rochelle Mine which shipped a record 82.7 millions of coal, about 7 percent of all U.S. coal production, is located within the boundaries of the Thunder Basin National Grassland in the southern end of the Wyoming Powder River Basin.

It is understood that the Department of Energy is expecting views, criticism and suggestions from the public about preliminary energy corridor locations on federal lands as illustrated on the draft maps. In general, the draft maps provided are insufficient in detail and scale to allow adequate and thoughtful comment on the preliminary energy corridor locations on federal lands. With this in mind, Peabody is only able to provide substantive comments specific to a potential energy corridor illustrated on the Wyoming-June 2006 Status Map. It is noted that concerns similar to those expressed below may also occur with respect to active or potential coal mining areas in Routt and Moffat Counties in Colorado and east of the Cheyenne/Crow reservations in Montana. However, these areas of potential concern cannot be adequately reviewed without more detailed and comprehensive maps. Therefore, Peabody respectfully requests the opportunity to provide additional comments concerning these areas when better information is made available.

The balance of these comments focus on a potential corridor located in the Powder River Basin of Wyoming on the Thunder Basin National Grassland in southern Campbell County and northern Converse County. Its proposed location appears to be in the path of advancing coal mine operations. Establishing an energy corridor in this location will sterilize or devalue a substantial amount of federal coal reserves (70 to 100 million tons per square mile sterilized and rendered unrecoverable). Additionally, existing mining operations leasing federal reserves west of this corridor will be forced to halt the advancing coal pit on the east side of the corridor and re-establish the mine operations

with open cuts to the west of the proposed corridor. This would require the untimely movement of millions of cubic yards of waste, significant additional expense for transportation and waste handling infrastructure, and the potential for significantly more coal reserve losses to adequately protect the transportation facilities within the corridor (pipelines, power lines, railroads) from the impacts of mine blasting operations. This would not only be economically prohibitive, but would create more land surface disturbance and significantly delay reclamation, thereby impacting local communities, private landowners and environmental resources.

Therefore, Peabody recommends that the location of this energy corridor be established east of the coal outcrop (burn line) in the "no recoverable coal" zone for the Wyodak coal seam and/or across lands where coal has already been mined. Peabody would be willing to discuss alternative routes in more detail at appropriate junctures in the energy corridor designation process. Please contact me at (307) 687-3920 if there are any questions concerning these comments.

Sincerely,



Wanda Burget

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Cc: Rob Hurless – Energy and Telecommunications Policy Advisor – Wyoming
Steve Ellenbecker – Energy Advisor to WY Governor Freudenthal
Steve Waddington – Executive Director – Wyoming Infrastructure Authority
Mike Easley – Chairman – Wyoming Infrastructure Authority