ROUGHLY EDITED TRANSCRIPT

Department of the Interior
Federal Coal Leasing Program Listening Session
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>> If I could get everybody's attention.
Please come in and sit down.
We're about to get started.
>> Waiting for the camera.
Here we go.
Good afternoon, and welcome to the first in a series of five Listening Sessions on the Federal Coal Program.
I'm Neil Kornze, Director of the Bureau of Land Management.
My colleagues and I are excited to have you here today for this first session.
Subsequent Listening Sessions will be held in Billings, Montana, Gillette, Wyoming, Denver, Colorado and in Farmington, New Mexico.
We invited you here today to hear your views on the Bureau of Land Management and how we can best carry out our responsibility to ensure the American people receive a fair return on the coal resources that we manage on their behalf.
We're grateful for your time and any substantive comments you can provide to us.
The BLM is just beginning to think about these issues, and the information you share with us will help inform our efforts as we move the program forward.
Extensive coal resources exist on 700 million subsurface acres of Federal mines managed by the Bureau of Land Management.
Today roughly 40% of the coal produced in the you states comes from Federal lease tracts.
The BLM is charged with ensuring these resources are managed responsibly while providing fair return to the American public.
In a few minutes I will outline our agenda for this session.
First, though, we are so thrilled to be joined by the Secretary of the Interior, Sally Jewell.

Her leadership on energy issues, including oil and gas, renewables and coal have inspired these important sessions today.
Her determination and commitment to excellence in the management of these resources will guide us as we move forward.
So let me welcome Secretary Sally Jewell.
[applause]
>> SECRETARY JEWELL: Thank you, Neil.
Thanks to all of you for being here and we look very much forward to hearing what you have to say and what you would like to share with us.
Want to acknowledge Janis Schneider, Assistant Secretary for land and minerals management.
She is very much eyes and ease for me and her oversight of the BLM and Office of Surface Mining, Reclamation and Enforcement and the Bureau of ocean management.
So if it has to do with energy, Janis oversees it and she has been a terrific, knowledgeable partner in this journey.
Also want to thank team BLM.
We have a number of people at the front here, Al, Mike and Linda and in the audience -- and who are working on these program that we have in coal around the country and will be attending Listening Sessions around the country.
So we look forward very much to hearing your insights and your thoughts and this is the team that is pulling these things together and I'm most grateful for your efforts in these Listening Sessions.
>>> So we've been taking a number of steps in this administration to really modernize our energy policy.
As I'm sure many of you know we have been standing up renewable energy projects across country, utility scale, solar and wind.
We're very proud to be a small player in first steal in the water event on Monday for the first offshore windy vent off state waters off Rhode Island.
But we have been leasing land offshore for wind energy, some major solar projects on shore.
We also through the EPA proposed standards to cut carbon pollution from power plants and that is working its way through the process.
We have been reforming our oil and gas regulations which in most cases were the same as when I was in the oil and gas industry over 30 years ago.
But the industry has moved and we've been modernizing those regulations and modernizing any regulations is not for faint of heart but we're not faint of heart.
We are committed to making sure we're doing right by the American citizens and the American taxpayer.
So we've got more work to do.
We're working on cutting harmful methane emissions, natural gas, actually pretty incredible resource that is going up in smoke, or venting into the atmosphere in some our oil and gas operations and that's something that we are addressing through regulation.
And we're also putting in place standards that are making offshore drilling safer based on painful lessons we have all learned in the offshore drilling industry, notably from the Deepwater Horizon oil spill that took place during this President's tenure.
We also need to take a hard look at the Federal Coal Program and that is what these discussions

are all about.
It's about asking the tough questions and listening to the impacts on various people.
Do we have the right measures in place to protect our land and our water for families, not just today, but in the future?
How do we modernize the coal program to meet future energy needs?
What do those look like?
What role does coal play?
How do we manage our coal program in a way that is consistent with our climate change objectives?
Climate change objectives for this nation, but also as a nation among nations, that is working on the challenge of carbon pollution across our planet.
How do we make our coal program more transparent and more competitive?
And are we doing enough to ensure that taxpayers are getting the return that they are due from the development and use of our public and natural resources?
So a number of these questions have been raised over the years by private citizens, certainly I've heard from a number of them, by members of Congress from both parties, including as recently as today, from the Government Accountability Office, which issued some pretty tough criticism of us in this regard, and in the interior's own inspector general that questioned the valuation and the return that we were getting on coal.
We are taking that seriously.
We've already taken a number of steps and I'm sure many of you are aware to address these complex issues.
Last year the BLM updated its guidance on how the agency should determine the fair market value for coal during the leasing process.
It goes through the process of doing evaluation and then it is required to have an independent review of that appraisal process.
That is new.
This year the Office of Natural Resources Revenue published a draft rule on how we calculate royalties for coal, and that is something that's in the process of undertaking review, and that deals with, when does the transaction take place, and is it truly arm's length?
This month the Office of Surface Mining, Reclamation and Enforcement issued a proposal to modernize the way coal mining operations protect community water sources and restore streams and forests to a healthy condition.
The stream protection act, stream protection rule, and that is something that is open for public comment at this time.
So these are important actions when you consider the size and scope of the Federal Coal Program.
BLM manages 310 active coal leases, cover about 475,000 acres in 10 different states, largely in the West.
About 40% of the coal produced in the United States comes from Federal public land resources.
So what we do matters, and we want to get it right, and that's what today is all about.
So four months ago I gave an energy policy speech at the center for strategic and international studies and in that speech I called for an open, honest dialogue about modernizing the Federal Coal Program.

Today we're kicking that off.
This is the first of five listening sessions as Neil mentioned that we're hosting around country.
So this one is in Washington D.C.
The others are out in the West, largely where the Federal coal is.
We want to make it convenient for those in those communities, Denver obviously is pretty easy for everybody to get to, for those that are flying in from different areas, but we're out in coal country, Powder River Basin and so on there.
So today we want to hear your ideas and your suggestions about how to manage our coal resources that belong to all Americans, and I think that's an important point to keep in mind.
These are resources that belong to all Americans.
In particular, today we're interested in what we can do to ensure the American public is getting a fair return.
And that includes whether the current royalty rate that we're charging -- or that we are receiving is appropriate.
We look forward to hearing from a diverse set of viewpoints and I hope we have them in the room today.
Taxpayers, stakeholders, industry, and local communities, other interested parties.
So in addition to the five Listening Sessions, we will be accepting public comments until September 17th.
So we encourage people to who don't choose to make these Listening Sessions to put their comments down in writing and then we will be thoroughly reviewing and analyzing your suggestions as we look at the full range of policy options we have open with Federal Coal Program.
I want to point out this is a listening session.
This isn't a Q&A.
We don't have the A's yet because we need to listen to all of you so bear that in mind.
So I will say that there is no doubt that our nation is transitioning to a lower carbon economy.
I will also say that coal is and will continue to be part of our energy mix for the foreseeable future.
It's an important part of our energy mix.
I'm suspecting we're sitting under light right now produced from coal.
We do know, however, we need to bring this program into the 21st century, and it needs a hard look, and that's what this is all about.
So your comments are going to help steer us in the right direction.
We are in a democratic nation where different points of view are important to be heard.
I look forward to hearing from as many people as possible.
I won't be able to be with you for the whole session, I have other appointments, but be with you as long as I can and then slide out quietly.
But we are all in listening mode and I truly mean listening.
In this job, which is quite complex, you might come in with a set of assumptions, and when you listen to people you realize your assumptions are not broad enough and you need to broaden your point of view and that's what this is all about.
So I will be paying a lot of attention to what happens across the West.
I probably won't be at those Listening Sessions just by my calendar, but I will be tuning in with

our colleagues and listening to the extent that I can.
So with that I'm going to turn it back to Director Neil Kornze who is going to walk us through the program.
Neil?
[applause]
>> NEIL KORNZE: Thank you very much, Secretary.
I should note we are LiveStreaming this conversation today.
The listening session.
So we have for those of you watching online, I would say we have well north of 100 people in the room a and we're thrilled to have a great number of people watching online and we will continue to have as broad of a distribution of these Listening Sessions as we can.
So the Secretary provided an excellent introduction.
Janis Schneider.
I want to make sure you have met Linda Lance, Deputy Director, significant energy expertise I rely on day in and day out, as well as Mike Nedd, our Assistant Director over many things, but most notably all our energy programs and is our longest serving Senior executive at the Bureau of Land Management, and Al Elser is our Deputy Director of our coal program, and he will be walking us through about a 10 to 15-minute presentation today of our coal program so that we all have a common basis in which to operate from.
And then after that, after Al is done, Doug Sarno is our facilitator for the session and he will come to the mic and will sort of lay out the procedures for how the rest of the session will go.
So we are thrilled that you are here.
We appreciate your investment and your passion for natural resources and for public lands, and your passion for the Bureau of Land Management.
So we're thrilled to be here, and we'll be listening intently.
Thank you.
>> AL ELSER: Thank you, Director Kornze.
As the Secretary mentioned, this is the first of five sessions we're going to be having on these topics ending in Farmington on August 20th and taking comments through September 17th.
So for those of you that are watching this streaming, if you have the opportunity to make it to any of those meetings we strongly encourage you to do so.
But, of course, we will be taking comments online if you can't make it in person.
As Director Kornze mentioned I'm here to give you a brief overview of the Federal Coal Program, or at least the BLM's responsibility and roles in the Federal Coal Program.
And then give you a little bit of introduction to the topics that have brought us here today.
So a lot of this was mentioned by Secretary Jewell.
Currently we have 310 leases that the BLM administers.
Most of those leases are in the Western states and are for thermal coal as opposed to the metallurgical coal you'll see mining for mostly in Appalachia.
By thermal coal, we mean the coal used to produce electricity.
In the last 10 years, BLM has managed lands that have produced approximately 5 billion tons of Federal coal through mining, and that coal has been valued at over $72 billion on the market.
That production generated almost $8 billion in royalties and $4 billion in other revenue streams, for instance, bonus bids and rentals.

During that time, we had 39 coal lease sales.
Now, in 2014, approximately 40% of the nation's electricity was produced from coal.
Approximately 40% of that was produced from Federal coal.
And, again, most of that comes out of the Wyoming's portion of the Powder River Basin, and the energy information administration is projecting that still by the year 2040 at least 30% of our nation's energy production will come from coal generation.
These next two slides just detail a little bit about the production of Federal coal as well as the revenues generated from them.
At least for me when I start talking about figures that have nine zeroes after them it's easier for me to visualize it than look at numbers.
We have a couple graphs here that show how much coal was produced and how much coal was leased over the last 10 years, starting in 2005 and ending in 2014.
The first thing that stands out to you when you look at these graph are these pretty significant peaks and valleys in the leasing figure.
That's really outside of the BLM's control.
The way leasing works is an operator, a mining company, will come to us with an application for a lease, and they'll do that typically when they feel looking forward in their future projections that they're going to need the coal once that lease, if it comes to sale, is issued.
So it may take anywhere from a couple years to seven years for us to process that application, depending on the complexity of the NEPA work, the National Environmental Policy Act work, but generally speaking we're leasing coal in response to the market.
So in 2012, for instance, we saw a large peak in the amount of Federal coal that was leased, and that was due almost entirely because Wyoming had three significant coal lease sales that year.
Whereas in 2014, we didn't see any major coal lease sales out West so you can see that number has dropped off dramatically.
What's more of an indicator of the program is the second line, the darker blue there that shows the number of tons the industry was producing from those Federal coal leases, and, again, this is Federal coal, not total coal.
And generally speaking over the last 10 years, you've seen about 400 million tons produced from those leases annually.
Over the last couple of years we've started to see a decline in that primarily because as was mentioned the natural gas current explosion and development has taken off and driven those prices down and become more competitive with coal.
So we've seen a number of coal-fired power plants switch over to natural gas fired.
This one just takes all of that and puts it into a revenue perspective.
Again, and I apologize, this was not nearly that toxic green on my screen here, but the -- if you look at the royalty collected, versus the bonus bids collected, you'll see a pretty similar trend to that last slide.
Bonus bids are the amount of money that are received by the Federal government at a lease sale for the winning bidder to earn the opportunity to mine that Federal coal.
They get that lease for that bonus bid.
So those bonus bids follow that same trend as leasing where we had high leasing years we had high bonus bids.
Again, more of an indicator of what's going on with the program nationwide, though, is when

you look at the revenue collected from royalty.
Royalty is collected on the actual coal that is produced or mined from the ground and brought to sale.
So on that final sales price we collect a royalty that is split 50% with the states in which that coal was severed and the U.S. Treasury.
So you can see that's been fairly constant, too, with the -- along with the production rates from the previous slide.
Generally speaking, anywhere from 400 million to 800 million dollars a year is coming in in royalty payments just on the Federal coal market.
So where is all this happening?
Secretary Jewell mentioned that most of this is happening out west, which is why we're having four sessions out there.
In particular, the Powder River Basin of Wyoming, which is right here, but also a number of basins in Colorado, and these are geologic basins, Colorado, New Mexico, Utah, Southern Wyoming, and a little bit in Idaho.
So what we're looking at here is really the area of emphasis where the Federal Coal Program is looking most of its time.
So how does it all work, though?
We know where the coal is.
How do we as an agency work with the mining operators when they want to mine that Federal coal?
Well, obviously the process starts for the applicant with submitting that application.
And we, of course, review that application for completeness, everything is copacetic, we move forward with the National Environmental Policy Act work, and our fair market valuation about that those two processes are happening concurrently.
Once we are done with those, and, again, depending on the complexity that may take a number of years, if the decision is made to take that tract and offer it for sale, we have the actual lease sale, and during the sale, if we have bids that meet or exceed that predetermined fair market value, then we will go to a sale panel review and determine if the high bid is a qualified bidder or not and if they are, then a lease could be issued to that bidder.
That bidder would then post a bond for the lease, and we'll talk about that in a second, and we'd issue that lease.
But that's not the end of it.
For the BLM's role, at this point we hand things over to the Office of Surface Mining, Reclamation and Enforcement.
Their role is approving the mine plan, and that mine plan has to include a reclamation plan.
So when it comes to the actual mining, once a lease is issued, it may be another year or two before an operator can get out there on the ground and start mining that coal, and that will depend entirely on having that approved mining and reclamation plan from OSM.
Now, this slide is a little redundant to the last, and I left it in for one very important reason, and that's this top bullet, Land Use Planning.
If we go back, I mentioned that the process starts for the applicant when they submit their application, but for the BLM it starts long before that.
We're charged with managing the lands and the resources for the Federal government for the

people.
One of the ways that we have to do that is to create a Resource Management Plan where we identify the uses that we want to allow on those lands that are under our charge.
And so during that Resource Management Plan exercise, lands have to be identified that are suitable for consideration for coal leasing.
They're not lands that will be leased.
They are lands that we have said, yes, we will accept an application on this.
It does not mean that we will move forward with a lease sale if we get an application.
You still have to move through the NEPA work, through the fair market valuation, the authorized offer officer has to make that decision on whether or not that land is going to be offered up for lease.
So that brings us to some of the questions that have brought us here today, and I want to just briefly talk a little bit about royalty and royalty rate reductions on Federal coal.
By statute a lessee has to pay 12 1/2% on the value of the Federal coal, not less than 12 1/2%.
The Secretary can determine areas that may be considered for lease or region-specific royalty rate reductions or it can also assign a lower royalty rate for underground recovered mining, and in that case we have a -- we have an 8% royalty rate for underground mining that is in place currently, and in addition to royalty and royalty rates, we also have a $3 per acre annual rent that the lessees must pay.
So those are a couple of the revenue streams that come in.
And it brings us to bonding.
Bonding is a little bit of a complicated issue, and you'll remember I mentioned on one of my earlier slides that both the BLM and the Office of Surface Mining have a very important role in the Federal Coal Program.
The BLM requires lessees to post a coal lease bond, and that bond typically covers three months of production royalty, a year of the lease rental and the remaining balance of any deferred bonus bid.
Those are things that are required under the terms of the lease.
That contract that we have with the producers.
OSM, on the other hand, holds the performance bonds and lease protection bonds.
These are the bonds that you typically think of that would ensure that the funds are available in case something happens to complete reclamation and bring things back to the way they were prior to mining.
So those are the bonds that OSM has.
They're separate from BLM's statutory responsibility and not something that would fall under our purview.
As was mentioned earlier as well, we had an office of the Inspector General review in 2013 and another audit by the Government Accountability Office in 2014, which came up with some recommendations on how we can modernize the coal program, and we have taken a lot of steps to respond to those.
In particular, there's two areas that are important to focus on for this -- for these listening sessions, and those would be those recommendations that relate to the lease sale valuation process and royalty rate reductions.
So in a nutshell, that process for fair market valuation, we've updated our handbook and our

manual, and for those that aren't familiar, handbooks and manuals are those documents that guide our State Offices, our Field Offices, our district offices in how to, in this case, value the coal that is being applied for a lease, or for a lease modification.
And without getting into too much in the weeds, we've done a lot to standardize those requirements, establish some internal controls and external controls, but most importantly, as Secretary Jewell mentioned, we've add third party review to the process, and the office of valuation services is now an independent reviewer of all of our fair market value analyses, and before we as the BLM say that, yes, this is our fair market value on this tract, OVS has to say, we believe that is a defensible number, that the process was defensible and robust, and you can move forward with our blessing.
It's still a BLM's number.
It is still our staff that are doing the calculations, but we have that third party reviewer to ensure that it's robust and up to snuff.
Similarly with royalty rate reductions, we've also issued new guidance on how to streamline that process, and the consultation process with processing a royalty rate reduction, in particular, just like with the fair market valuations, we've introduce add third-party reviewer.
In case ONRR is a third party reviewer -- excuse me, especially when the application is due to financial hardship.
So ONRR has those numbers, review our work, consult with us and make sure we have all the information necessary.
So that brings me really to the end of this presentation.
It is by no means the BLM coal program in a nutshell.
It's far more complicated than that but it certainly hopefully gave you an introduction to some of the questions that have brought us here today and some of those aspects of the Federal Coal Program that we would really love to get your input on.
And on that note I'm going to turn it over to Doug Sarno, who is our facilitator for the day, and he will take you through the rest of the day.
Thank you.
[applause]
>> DOUG SARNO: Thank you, Al.
Thank you, everyone for being here and being willing to share your time and comments.
As the Secretary said this is about listening.
So we want to get to the listening.
We're trying to make this as equitable as possible.
I'm going to take just a few minutes here to explain how the process will work.
These are the questions that were sent out in the letter ahead of time, the invitation letter.
They're reprinted on the back of your agenda as well.
BLM obviously would like you to focus on these because this is what they are about to begin thinking about and talking about internally and trying to figure out the best way to move forward.
Of course, you're free to use your comments in whatever way you want but the more insight you provide the more effective this session will be.
We're going to have two lines, one on either side.
There will be folks with microphones there and folks with timers there.

We're going to provide three minutes per session of comments.
I realize three minutes is not a lot of time.
We are also obviously accepting written comments as the Secretary noted and the email for those comments are also on that invitation letter and on the back of your agenda.
Once you come up to the front of the line, the timer will start.
There will be somebody there holding the microphone for you.
You'll get a 15-second warning.
That's just a little reminder to wrap up your thoughts and hopefully get us to a place of ending.
At three minutes I won't make you City of Tucson mid-sentence but I will try to get you to wrap up as close to that three-minute mark as possible.
Because we are about equity.
We want to get to as many folks as possible.
We want to make sure everybody gets a chance to speak.
Please remember that this is being LiveStreamed so you need to speak into the mic so it will be captured by the cameras and by the microphone.
The BLM -- also want to remind folks this is a public comment session.
There won't be any press questions taken.
They'll have that at a separate time as we move forward.
I just ask that you respect each other's time, that you make sure that you use your three minutes and try not to go over and also don't interrupt people as they have their three minutes of time to move forward.
We will be stopping the session at 4:00.
We hope to get everybody in that we have right now with the numbers we're looking at that, that looks good.
We should be able to accommodate everyone who has signed up.
The last point I want to make is that it's possible some Congress people will stop by, depending on their vote scheduled today.
If that happens, I'll let the person giving comment obviously wrap up, use their time, but then we'll call the Congress person up to make their comments at that time and then we'll go back to the public comments.
All right.
With that I'm going to call folks up six at a time.
I ask you to line up on either side.
You'll see the individuals with the microphones there waiting.
That way we'll go back and forth.
It will give us time to reset the clocks and keep this moving as smoothly as possible.
So that we hear in as many people as possible.
Again, to be equitable we have numbered the people from when you signed up.
So I'm going to call six at a time.
When we get to the last person in line I'll call the next six so you have time.
You don't have to spend a lot of time standing up waiting in line.
So at this time I'm calling Ryan Alexander, Steve Charter, Theo Spencer, Marnie salmon, David burns, and NEDE Thacker.
As you get in line I ask you to introduce yourself before you start.

If we can get some folks lined up on the other side as well.
We'll start on this side.
>> Hello.
My name is Ryan Alexander and I'm President of taxpayers for common sense.
Taxpayers for common sense is a nonpartisan budget watchdog.
Our mission to achieve a responsible Federal government that operates within its means.
Ensuring a fair return for taxpayer owned assets has been one of our guiding principles since we were founded 20 years ago.
We welcome the decision by the Bureau of Land Management to consider reforms to the Federal Coal Program.
BLM has a fiduciary responsibility to manage our natural resources for long-term value and to ensure a fair return for any development of taxpayer assets including coal.
Revenues from the collection of royalties represent one of the largest nontax income sources for the Federal government.
Giving away public assets for below fair market value functions as a market distorting subsidies and waste of resources.
We believe there are several top line reforms BLM needs to make to the Federal Coal Program if it is going to achieve a fair reform.
First, BLM should increase royalty rates.
Federal coal is one of the lowest effective royalty rates managed by BLM.
Rates have not increased for nearly a century.
BLM should also update how it calculates the sales value of Federal coal.
Royalties should reflect the market value and -- of coal in today's marketplace.
Recent changes to the marketplace, most notably shifts in demand, increasing exports have undermined the current system.
Finally, BLM should create more competition for Federal leases.
The lease by application process results in noncompetitive and below fair market bids for coal leases.
In practice individual companies draw up their own boundaries prior to BLM offering that parcel for auction.
This allows the industry, not taxpayers to max my economic benefits.
According to the DOI Inspector General more than 80% of the coal leases in the Powder River Basin during the last 20 years received a single bidder and no leases received for two bids.
A report on the coal program in 2013 and provided detailed comments to the Department of Interior with more specific reform recommendations which can be found on our Web site.
We would be happy to discuss our proposal with DOI staff at any time and provide more detailed comments in writing.
We urge BLM to take this opportunity to be aggressive in making changes to the coal program.
No private landowner would maintain a system of pricing in face of dramatic changes in the marketplace.
We are long pastime for change.
>> DOUG SARNO: Thank you very much.
We'll go to the next speaker on this side.
>>

>> Secretary Jewell and Director Kornze I'm testifying today on behalf of the Sierra Club and 2.4 million members and supporters across the country.
We are pleased the Bureau of Land Management is answering Secretary Jewell's call for an honest and open conversation about modernizing the Federal Coal Leasing Program.
The Sierra Club fully supports the administration using authority to make sure American taxpayers get a fair price.
American taxpayers should get a fair return on all Federally owned resources.
We support updating the royalty rate for coal mined on Federal Lands to mirror that on offshore oil reserves.
He Federal coal has enjoyed rates for decades.
Since the Interior Department last visited these regulations there have been major changes to coal markets and industry practices.
These include a massive increase in Federal coal production, expanded coal exports and the industry's widespread practice of selling coal through subsidiaries.
Up why dating the royalty receipts is an opportunity to not only protect pressure lands and climate but to also protect the financial interests of millions of American taxpayers short changed by big coal companies.
Finally we urge the Department of Interior to take this opportunity to consider the role it sees for itself in combating or contributing to climate disruption.
We agree with Secretary Jewell that sound science underscores the economic importance of cutting carbon pollution.
We urge BLM to fully consider Secretary Jewell's open question how do we manage the coal program in a way that is consistent with our climate change objectives.
To that end the Sierra Club urges you to select the no action alternative and reject the alternate coal proposals to expand on public lands.
It jeopardizes the Grand Staircase-Escalante and Bryce Canyon National Park.
In addition to threatening the national treasures, it would cause significant harm to the air, water, wildlife and other natural wonders of Southern Utah, specifically this coal mine would destroy the southern most active sage grouse electric.
Coal-fired power plants are the single largest source of carbon pollution and moving fort with the Alton propose Alton undermine -- United States centers senators and two Federal oversight offices have documented the problems and asked hard questions about the way it's being run.
At a minimum BLM should increase royalty rates, close regulatory loopholes and deny the Alton expansion.
Half of all dangerous carbon pollution comes from Federal coal.
If the U.S. is serious about meeting the Obama administration climate reduction goals we need to keep this dirty coal in the ground.
Thank you.
>> DOUG SARNO: Thank you, Marnie.
I remind people to please introduce yourself.
>> My name is Steve charter, current chair of the northern plains resource council.
I'm a member of the western organization of resource councils.
I ranch above a long wall mind in the Bull Mountains in Montana.
For the last 40 years I've had a ringside seat to the undervalued -- the lost revenue of Federal

coal and the shortcomings of the reclamation program.
In 1990 the Federal coal that is being mined now in the bull mountains, millions and millions of tons was traded for a single fishing access site adding up to a little over one penny for ton.
There is no royalties being paid on this coal mined now.
Then in February, 2012, the BLM sewed the rest of the coal, $35 million dollars under my ranch for a royalty bid of 30 cents per ton.
The coal in the bull mountains ranks significantly higher in heating value, 10,000 BTUs, and lower in Ashe and sodium, than other coal for sale in the Powder River Basin.
Teat of the sale BLM had just gotten $110 and $1.35 a ton for significantly lower quality coal, 8500BTU in the Gillette area.
The boom in the market was for exports to the Pacific Rim.
The bull mountain coal mine already built a railroad connecting to port capacity in the Pacific coast and located several hundred miles closer to port yet somehow the BLM could not figure out the value of that coal in that market.
Moreover the BLM issued the right to mine two additional minable seams as part of the sale that were not even valued.
It is decisions like these that underscore the flaws in the current leasing program.
Nothing the agency has instituted since investigations by the GAO and Office of Inspector General has substantially alleviated the problems that led to this giveaway.
The process needs to be open with complete transparency on its market analysis and to propose a minimal acceptable bid for the coal.
In the late 1970s my mother and our neighbors made many trips to the capital to get the surface mine reclamation act passed into law.
Now it is time for the Department of interior to require that the promise of this law be fulfilled.
38 years after passage of SMCRA little land has passed phase 3 or phase 4 for bond release, proving again it would be productive for agricultural and wildlife.
Recently the western organization resource council issued a report showing that of the land disturbed by surface mining in Montana, Wyoming and North Dakota and Montana only 30% has achieved bobbed release.
-- ensures reclamation is processing and keeping with the promise of SMCRA.
It is the duty of the Department of Interior to ensure we get fair market value for our coal resources and to ensure that the land is reclaimed.
It is not the duty of the government to prop up a declining coal industry.
Thank you.
>> DOUG SARNO: Thank you, Steve.
>> Hi, I'm Nede with the center for American progress.
I want to thank you for hosting these Listening Sessions and to hear from the public.
Federal coal mined on U.S. lands accounts for 40% of U.S. coal.
Yet this coal is being sold at bargain basement prices when compared to other regions.
>>> When accounting for the difference in energy content Federal code from the Powder River Basin sells for less than one-third the price of Appalachian coil.
Federal coal policies are one reason.
While BLM collects more than 1 billion annually from the mining offed Federal coal, independent audits including those by the Department's IG and the Government Accountability

Office have found this coal should be selling for more and the Department's Coal Leasing Program is noncompetitive with a handful of companies guiding leasing on our public lands.
At the root of this program is an outdated program that was created almost a century ago and has not kept pace with the changing market.
Adding to the problem of undervaluing Federal coal is a royalty system that has not been updated in decades.
Under the current system companies are paying the same royalty rate that was set by the Mineral Leasing Act in 1920, which is almost 100 years ago.
Recent reports have also shown that rather than selling coal to independent entities, coal companies are also selling coal to their own subsidiaries to avoid royalty payments that are due to the American public.
The Department's proposed rule by the office that natural resources revenue to close this loophole is an pour first step to reforming the Federal Coal Program but the Department can and should do more to ensure taxpayers are receiving a fair return on this publicly owned resource.
As a start interior should assess royalties on the final sale price of coal to a power plant or exporter so royalties are collected on a price that reflects the true market value of this coal.
This change alone would meet tens of millions is not hundreds of millions of additional dollars in -- for fax -- for taxpayers and distributed to Western states and local governments for schools, roads and crippling infrastructure.
Interior should also conduct a top to bottom review of the Federal Coal Program to ensure it is operating with the level of transparency and competition taxpayers expect and deserve.
Interior should complete this review before issuing new leases or renewing any old leases.
Thesis steps would go a long with a to modernizing the Federal Coal Program and guaranteeing taxpayers are receiving their fair share.
The center for American progress has written a few reports with additional recommendations we plan to submit to the record.
Thank you.
>> DOUG SARNO: Thank you very much.
Let me call up Josh Mantel, Tom Altmyer, Jill Hostetler, Josh Laricy and Henry Miller to please join the lines.
>> My name is Theo Spencer and I'm Senior policy advocate.
I want to thank the Secretary and members of your Leadership Team for inviting us to speak today.
We certainly understand and appreciate all the hard work you have done to begin performing the -- reforming the Federal Coal Program and we understand the balancing act that is in part interior's mission and that is a difficult one.
I won't repeat some of the points on my -- my colleagues made.
I would like to discuss a fix of the coal program, and Resource Management Plans were recently issued for large swathes of the interior west.
Combine these plans allow for the leasing of more than 80 billion tons of coal and Secretary Jewell you said this spring some folks would be surprised to hear that Federal coal was selling for under a dollar.
In June BLM sold 42 million tons of coal for 41 cents a ton as part of the flat canyon lease in

Utah.
We feel that such actions are simply inconsistent with the administration's stated climate goals, and we urge you to take this opportunity to pause further coal leasing and complete a supplemental environmental impact analysis or statement of the whole program.
Coal continues to lose market share to natural gas as has been mentioned.
Most coal companies operating on federal land hold leases for enough coal to last many years.
And many of these companies are on the verge of bankruptcy.
And there is the very real possibility taxpayers will get stuck with the cost of cleaning up and reclaiming abandoned mines.
That are a myriad of demands on interior staff and resources however this program is deeply flawed in many respects.
To be frank, cutting global pollution enough to avoid the two degrees Celsius threshold is going to be difficult.
With all this in mind, prudence, fiscal responsibility, sound ecosystem management and, above all, a moral imperative call for the comprehensive environmental review and overall -- over haul of the Coal Leasing Program.
Thanks very much for your time.
>> DOUG SARNO: Thank you, Theo.
>> Good afternoon.
My name is David Burns and here as a Sierra Club member and American taxpayer.
I want to thank the Department of Interior for hosting the session today.
I think it's time the federal coal program be reformed to ensure taxpayers receive a fair return on the public resources and that Pratt many is transparent to the American public.
The Federal coal royalty rate for surface mines is eat is the 12 1/2% while other publicly owned resources have a royalty rate of 17.85%.
Americans should get a fair return.
By any -- by many estimates this flawed system has resulted in losses of nearly 30 billion over the last 30 years.
Problems exist beyond the royalty rate paid to American taxpayers.
The Powder River Basin mines just short half the coal in America but still not considered a coal producing region.
Although the Bureau of Land Management promotes the use of a competitive leasing program, the Government Accountability Office found that of the hundreds of unleased tracts between 1990 and 2012 sales for 96 involved a single bidder.
If there are profits to be made in domestic and foreign markets, especially with the well we low market BLM provides it, surely more than one company would bid.
In that 2012721 million tons were leased to Peabody energy for $1.11 a ton.
Their first bid of $1.10 a ton was rejected.
Both times they were the lone bidder.
This is not fair market value and not competitive.
Coal exports have tripled from 2002 to 2012.
Cloud peak energy anticipates he can ports to be 75 million tons in 2020.
This will request 50% of all exported U.S. coal and the majority if not all would go to Asia where the prices are substantially higher than America.

If we are serious about phasing out fossil fuels and replacing them through clean fuels, the Federal government can't continue with business as usual.
>> DOUG SARNO: Can I get a few more people to join us over here.
I'll call up Andy fresh, Elizabeth Hirsche, and -- so we get equity in mind.
Who is next?
Yes, sir.
>> I'm Tom with [inaudible] initially say madam Secretary, Assistant Secretary Snyder, thank you very much for visiting our coal mine in West Virginia.
We would love to have you or Director Kornze or Linda or Michael or any of you come out and visit our black thunder mine in Wyoming, which is one of the largest coal mines in the country and it's on public lands, or our west [inaudible] mind on the north fork of the Gunnison in Colorado, also on public lands.
The Federal Coal Program is a tremendous success story.
One that has generated tens of billions of dollars of value for the American people in recent decades.
With nearly 30% of the world's coal reserves, America is the envy of energy hungry nations around the world and the vast majority of these reserves, as you know are on public lands.
The mission of the Department of Interior to manage these reserves to the benefit of the American public and often forgotten by many to achieve maximum economic recovery of those reserves.
By all accounts the Department has done an exceptionally good job.
Recent study by GAO and DOI's IG determined as much.
In fact the amount of funds generated by the Federal Coal Program is remarkable compared with other industries relative to the size of the industries.
The single biggest source of Federal coal is the PRB in Wyoming and Montana where coal seems can exceed 100 feet.
In the PRB, royalties and fees approached 40% of the selling price of the product.
Few industries anywhere generate such a high percentage of value for the public good.
Nearly 10 billion dollars over the history of the program.
Since [inaudible] in the Powder River Basin in 1988, arch has generated an all in profit margin of $1 per ton from its Wyoming operations.
So we are currently generating about -- while at the same time we are generating for every ton of coal produced $4 in taxes, royalties and fees, and we are only -- the profit margin is $1.
So the Federal taxpayer is getting $4.
The coal operator is getting $1.
The remainder of the costs go to the operational costs of the mine.
Our effective royalty rate exceeds 20% comprised of the right to mine royalty or bonus bid that has arranged around a dollar a ton in recent years and an additional 12 1/2% on every ton mined.
The 20% plus royalty level is more than double the highest royalty arch pays on coal we mine on private lands, or state lands, which means the DOI is capturing not just fair market value but truly exceptional value.
It is important to point out that -- well -- pardon me.
I'm fumbling.

In such a scenario, both volumes and future rights to mine royalties are lost if you did not have Federal coal production.
Both Federal and state receipts associated with the leasing program could diminish appreciably.
In addition, energy costs would increase in areas where coal remains a dominant source for power generation, particularly the industrial art hand.
It seems imprudent and unwise to saddle American manufacturers with higher energy costs at a time when the growth in the economy is still struggling to return.
>> DOUG SARNO: I am going to need to cut you off there.
One last statement.
>> Thank you.
>> My name is Joshua Mantel and I'm the carbon management campaign manager for The Wilderness Society.
On bee haft of THE WILDERNESS SOCIETY and half a million members, thank you Secretary Jewell and Director Kornze for the opportunity to offer our views on modernizing the Federal Coal Program.
It is pastime for our country to have this conversation.
In less than 48 hours we received over 13,000 comments from Wilderness Society members who support this reforming effort.
National energy use, global energy markets and the domestic coal market have changed distinctly over the past few decades but coal policy has remained stagnant.
Nevertheless we have seen not only energy sources shift in clear ways but Federal land uses have evolved and expectations for those uses has changed significantly in the years since these guidelines last were addressed.
While our Federal Lands energy policy remains stuck in the last century, American's expectations for broad uses have evolved.
Once viewed as a source of energy and timber, Federal Lands are increasingly seen as place for recreation, reflection as well as energy development.
Western towns are booming with money from recreation and tourism but energy development policies have been updated to reflect current policies.
The good news there are concrete ways for the BLM and DOI to move forward.
Royalty rate increase for surface mined coal.
Department of Interior needs to look at raising royalty rates to more accurately reflect the 21st century priorities.
When we encourage energy development we display lands that may otherwise used by citizens and hope the -- help the economy of surrounding communities and states.
A higher royalty rate would incentivize a -- a higher royalty rate would help a much needed overdue transition towards a cleaner energy policy.
Two, requirement mitigation for the full range of reasonably foreseeable local, regional and other impacts of coal leasing.
The cost of leasing Federal land for coal and activity of mining of coal do not take into account the impacts on surrounding lands and communities.
We need to protect public lands and manage energy development for the 21st century making sure these impacts are part of a landscape level approach to energy level development before leasing occurs will ensure treasured landscapes are sufficiently protected.

Three, establish a minimum bid.
Federal Lands are owned by all Americans.
We must ensure Americans receive a fair share of all resources and an important fix to the Federal Coal Leasing Program is to Barbie low market bids.
All coal leases should provide fair market value.
Four, ensure proper reclamation of mined land.
The Bureau of Land Management needs to set clear guidelines for reclamation.
The Bureau of Land Management needs to up why it R update the terms of permits.
There should be more up to date standards and definitions for reclamation.
As the Department of the Interior looks at various ways to modernize the nation's public lands energy policy these recommendations are just one piece of the puzzle.
We also need a smarter overall approach taking a landscape level view of energy development.
We need to make a deliberate effort to accelerate development of other energy types.
As we move towards a cleaner energy future the Federal Coal Program needs a significant update that includes better land management and higher rates to help offset the impacts that accompany develop.
>> DOUG SARNO: We will take one or two more because we're a little unbalanced.
Go ahead.
>> I'm rod Torrez with Hispanics enjoying camping, hunting and the outdoors.
Thank you, Secretary Jewell and thank you Director Kornze for this opportunity to speak about coal.
I represent a community of Latino sportsmen, outdoors people who have used public lands, what are now public lands, for centuries, since long before this was the United States.
We are in communities in the West that are impacted by coal and that are -- that our health depends upon.
We use public lands for subsistence.
We use public lands for enjoyment.
We use public lands for spiritual reasons.
We use public lands for cultural activities.
All of those things that we do, and have been doing for centuries, again, are so important to our communities that we see the West as our homeland.
The American West is a treasure house for America, not only in terms of the minerals, the oil and gas that can be extracted, but also in terms of the natural beauty and the recreational opportunities that those public lands offer.
We want to ensure that our communities and the American public receive a fair share, fair return, on the things that are -- things that are extracted from our public lands.
We need to make sure that coal specifically meets up with the same -- the same royalty rates that other industries get, oil and gas at 18.75%, coal needs to match that.
We also need to make sure that there is a minimum bid amount for coal leasing.
We want to ensure that there is a fair return.
Nothing is clean.
Every time any industry moves in the public lands, it impacts our communities, our health, our water, the wildlife, all of those things are so valuable to us and have been part of our lives.
We want to make sure that those lands are considered, those common uses that we have for

the land are considered, and that coal matches up to today's economy in terms of the royalties that are paid and the bids that are leased.
>> DOUG SARNO: Thank you very much.
One more from this side.
>> Hello.
My name is Joshua.
I'm currently a student and American taxpayer working on environmental issues in D.C. this summer.
Thank you Secretary Jewell and Department of Interior for hosting this meeting and provide young opportunity to hold a conversation about the Federal Coal Program and need for updated regulations.
American taxpayers deserve a fair share for any of our publicly owned resources.
Until a future of clean energy is achieved, I firmly believe that publicly owned coal, which is part of our current energy mix, should be held to the same standards and pay the same royalty other natural resources have and not be allowed loopholes that keep revenue from the American public.
This allows fossil energy companies to operate with an unfair vac.
The combustion of coal mined from public leases, account for 57% of all emissions on Federal Lands.
This represents a significant contribution to the effects of climate change yet the coal industry is Dodging royalties that could aid taxpayers and had he protect the public health.
Not only does artificially subsidizing the coal mining harm our air, it causes extreme environmental consequences.
If these processes are to be continued, regulations must be updated so coal companies pay fair royalties and operate on the same playing field as every other energy.
Particularly those that have much less impact on the environment.
Secretary Jewell is right, now is the time to have a conversation about the management of our shared public lands and how they are use impacts the environment and citizens around the country.
Thank you again for the opportunity to speak and look forward to greater examination and progress on this issue.
>> DOUG SARNO: Thank you, Josh.
>> My name is Andy French and I'm a fellow with the league of conservation voters.
I wanted to thank Secretary Jewell, Director Kornze, everyone else at the Department of Interior and in the Obama administration for holding this meeting today and for providing a platform to hear from the public about updating the Federal Coal Program and bringing the standards into the 21-T century.
There is plenty of evidence to cite as we have already heard today and I'm sure you will continue to hear over the next few weeks and out west that taxpayers are not receiving a fair share for our publicly owned resources and coal companies have taken full range of outdated regulations by finding loopholes to avoid tens of millions of dollars in royalty payments every single year.
We thank Secretary Jewell for her leadership and working to close some of the loopholes and making sure the coal industry isn't pocketing millions of taxpayer dollars every year.

But there's more to be done.
Ensuring the royalty rate assessed for coal on Federally owned land is more in line with those assessed on state, private and offshore properties as well as other energy resources is the next logical step.
Additionally making sure that the royalty rate assessed is based on the true market value of coal is essential.
Unfortunately, the status quo of the Federal Coal Program has allowed coal from public lands to have artificially low prices in the Marx and that has buoyed coal production above more other renewable energy resources.
By artificially promoting the use of coal in this country, this practice has stifled American innovation for a booming renewable energy economy and keeps us reliant on energy sources of the past.
We wholeheartedly agree with Secretary Jewell that it's high time to have an honest conversation about the Federal Coal Program and we agree listening to the public for ways to update the way do business on shared public lands is a great start to the process.
Thank you again for the opportunity to give comments today and I hope you continue to hear overwhelming support in the communities you visit during the next few weeks.
Thank you.
>> Good afternoon.
My name is Jill Hostetler and I'm interning here in D.C. this summer.
I'm Illinois.
Thank you for the opportunity to testify today and I thank Secretary Jewell for opening up the conversation around Federal coal.
I want to see these royalties on coal produced on Federal Lands updated for the sake of taxpayers.
If we keep things at the status quo, taxpayers will continue to lose millions of dollars and we lose the opportunity to fund areas of importance in this country such as education.
I grew up in a school district that was always short on funds.
We had out of date books, never enough resources, we had large class sizes because of teacher layoffs and we never had enough funding to participate in the programs that would have benefited our education.
Coming from a struggling public school I would like to think that updating the coal program would provide additional revenue and could be put into our schools.
This is just one example of how updating the Federal Coal Program could better the lives of American taxpayers.
It could be used to invest in education, research or infrastructure updates, and as it stands we could be using up to $140 million every year from out of date coal regulations.
Any kind of improvement would be feasible if we updated the Federal Coal Program.
Thank you for your time and for the opportunity to present today.
>> Thank you, Jill.
Let me call up Jim Lyon, Jayne Hine, Rachel Jones, Brian Johnson and Hal Quinn to join the line.
>> Good afternoon.
I'm Elizabeth Hirsche, currently a policy intern in D.C. and master's student at Duke Sanford school of public policy.

I would like to thank you for letting the public comment about updating the Federal Coal Program.
Taxpayers expect to be fairly compensated for mining of coal from our shared public lands but disappointingly this has not occurred.
There are numerous problems contributing to American taxpayers missing out on tens of millions of dollars each year.
For example the Federal coal leasing amendments acted requires competitive lease sales but for most of the last 25 years there has only been one bidder and one bidder hardly makes for a competitive system.
Additionally the act requires that bids reflect fair market value.
However, coal mined on public lands is being sold at a substantially discounted price.
Leading to an equitable -- inequitable royalty payments.
This practice has mostly been propped up by coal companies creating a shell network of subsidiaries where they're able to sell coal at deflated prices thereby avoiding royalty rates based on the fair market value of coal and profiting big time when they make the final sales.
The outdated Federal Coal Program needs to be reformed so taxpayers can get a fair amount out from what they put in.
To this, BLM needs to ensure more competitive lease sales, raise the royalty rates and promote more transparency to ensure that the program works as effectively and efficiently as possible.
Thank you.
>> DOUG SARNO: Thank you, Elizabeth.
>> Good afternoon.
My name is Henry Miller.
I'm working in DC. this summer but I'm originally from Arizona.
I want to thank the Department of Interior for hosting this comment session so we can all make our voices heard.
The American economy is based on the idea everyone has a level playing field to work with and the best ideas and innovations will win out in the end.
Current royalty rates for coal mined on public lands completely undercut the foundational ideas much competition and fairness.
The royalty rates for coal mined on public lands have not been updated in 25 years.
By not revising these rates, we are providing the coal industry with an unfair advantage that other sources of energy do not receive.
This effectively undermines the development of cleaner forms of energy that could be providing well-paying jobs for thousands of Americans.
As of April of this year, my home State of Arizona has an up employment rate significantly higher than the national average.
Arizona has an incredible potential to provide large-scale utility solar energy generation yet developing these solar projects remains costly.
Part of the reason for this is that coal is heavily subsidized and therefore deters the growth of clean energy industries and the important unemployment opportunities that come with them.
With the level economic playing field we could easily power more homes with clean energy sources and provide more jobs to people across the country.
Not only do these current rates prevent the growth of other industries but also cause American

taxpayers to miss out on hundreds of millions of dollars in revenue.
As Americans we all have an ownership stake in our Federal Lands.
So we should not be giving away the resources developed on those lands for next to nothing.
The money owed to taxpayers could go towards providing funding for better schools, roads and public health.
And it's time that the big coal companies start paying their fair share.
Thanks.
>> DOUG SARNO: Thank you, Henry.
>> Good afternoon.
My name is Mike Casper.
I would like to give a little different per specter.
I'm Senior manager for generation and fuels for the national rural electric cooperative association.
NRACA is a national organization dedicated to representing the national interests of cooperative electric utilities and the consumers they serve.
NRECA is a national service organization with more than 900 not for profit rural electric utilities that provide electrical energy to over 42 million people in 47 states.
Kilowatt hour sales by rural electric cooperatives account for approximately 11% of all energy sold in the United States.
Our members generate approximately 50% of the electric energy they sell and purchase and the remaining they -- are from non-NRECA members.
The vast majority of members are not for profit, consumer-owned cooperatives.
NRECA initial estimates are approximately 60 million tons of coal from mines with Federal leases is consumed per year by rural electric cooperatives and coal-fired electric generating facilities owned by electric cooperatives.
That accounts for about 50% of the power used annually by electric co-op consumers, however, this does not include coal that is consumed by other U.S.-based electric generating facilities that supply the other 50%.
We estimate an additional 20 million tons of Federal coal is used for the power that cooperatives purchase from third parties.
In other words, a total of approximately 80 million short tons of coal used to generate electricity that is either generated or purchased by electric cooperatives is coal originating from Federal leases.
I think based on the numbers I saw that's about 24%.
In addition, three of our GNT members, generation and transmission members, own and operate mines that have long-term Federal leases with -- which are administrated by the U.S. Department of interior through the Bureau of Land Management.
Given the impact on our members and electricity consumers they serve, NRECA's positions is current royalty rates should not be raised.
Considering that approximately 58% of our co-op generation is from coal sources, any royalty increases for domestic consumption will have a direct impact on our co-op members' electric prices as well as local rural economic development.
We are currently developing estimates of what that impact will be and provide in written comments.

What we can do know is an affordable electricity is essential to economic growth in rural America.
We released a study this week between the relationship between higher energy prices and job losses.
I encourage you to take a look.
The study entitled "affordable electricity: rural Americans lifeline" can be found on our Web site and measures the impact of a 10 and 25% electricity price increase on jobs and gross domestic product from 2020 to 2040.
>> DOUG SARNO: Thank you, Michael.
This side.
>> Good afternoon.
I'm Hal Quinn, President and Chief Executive Officer of the national mining association.
Appreciate the opportunity to attend this listening session.
I noted in the invitation the invitation indicated that the reasons for this session were to address concerns over the Coal Leasing Program from the GAO and the Inspector General as well as certain outside opinions expressed that royalty rates are too low.
I would note that neither the IG report or GAO talk anything about royalty rates being too low, and I would say that to the extent that outside observers believe the royalty rates do not reflect market conditions they may be correct but not for the reasons they believe.
In fact, Federal royalty rates are above market and are making Federal coal less competitive in the marketplace.
Federal royalty rate is above the re prevailing rate for private coal and as compared to private coal leases, especially in the east, Federal coal rates are in many cases 40% higher than we pay on the prevailing rate for private coal.
Federal lessees also pay a non-recoup rubble bonus bid an additional upfront payment made prior to mining something rarely paid in private coal transactions.
The current royalty rate combined with the bonus bid imposes an effective rate of 20% on each ton of coal when considering recent prices for coal produced in the Powder River Basin.
Combined ass just two of the tacks and fees, the total Federal burden from those alone is 30% on each ton of Powder River coal.
So increasing the royalty rates will not increase revenue, it will actually decrease revenues accruing to the public.
A ton of coal never sold due to uncompetitive prices produces no revenue.
Let's do some math.
If the royalty rates were increased by 1% the incremental revenue might be 10%.
However more likely than not you would actually keeping that coal out of the market, sacrificing $1.31 of revenue from a ton of coal that would have been sold under the current rates.
Here's some additional factors we believe BLM should consider.
Most of the Federal coal produced today is from the Powder River Basin which turns provides the largest share of revenue.
PRB competes by private leases that have lower royalty rates as I just described.
PRB coal is competing with coal from other regions where the coal has a higher heating or BTU value and according to the EIA, transportation coal for PRB coal accounts for 60% of delivered

costs, substantially higher than transportation costs for private coal leases located close to the same markets.
Increasing royalty rates will make coal less competitive.
If the Department is interested in obtaining more revenue from coal leasing while protecting consumers from electricity rates it should consider the following.
Lower coal royalty rates that will keep Federal coal competitive in the electricity Secretary E sector marketplace, more sales even at lower royalty rates means more revenues, lower sales under higher royalty revenues means perhaps no revenues.
And royalties on deferred production.
We have seen over the last decade the upfront process to get from an application to a bid grow from 2 to 5 and now to 7 or eight years.
>> DOUG SARNO: Sorry, you're at time.
>> Thank you.
>> I'm Brian Johnson.
I'm the associate with Greenpeace.
I'm here today to ask that coal companies pay their fair share, not only in how and when royalties are collected from Federally mined coal but also in how your Department accounts for the cost of climate change when valuating that coal.
Many people know that coal is a dirty and dangerous energy source, fueling climate change, and air pollution.
But fewer realize that 40% of the coal mined in the United States actually belongs to taxpayers, to all of us.
The Department of Interior is to manage coal in the best interest of our nation.
President Obama has voiced his concerns about the serious effects of climate change and Sally Jewell has as well, Secretary Jewell, and acknowledged an enormous cost it will have our nation, a cost that both current and future generations will have to bear.
Pursuing comprehensive reforms of the Federal Coal Program must include accounting for the true cost of climate change.
President Obama has made significant attempts to reduce emissions, including improving energy efficiency, green lighting renewable energy projects and curbing power plant emissions.
And yet since the beginning of his administration, the Interior Department has sold 2.2 billion tons of our coal, as much carbon pollution as the annual emissions of more than 825 million cars.
The science is clear.
We must radically reduce our emissions to avoid the worst impacts of climate change.
Coal mining companies that want to access our coal should pay for the full costs of the damages that coal will cause when burned.
While other agencies within the Federal government use the social cost of carbon to make informed decisions officials managing the Federal Coal Program have failed to use this important tool.
That must change.
If that means more of our coal will stay safely in the ground, then that will be a good sign that the Interior Department is finally managing our coal in the best interests of the nation.
Thanks for your time and consideration and thanks to the guys holding the mic.

Your arms must be tired.
>> DOUG SARNO: Let me called you Marissa, lean a, Joel, rod Torrez, and Mia Steinly.
>> Good afternoon.
I'm Rachel Jones and Director of energy and resources policy for the national association of manufacturers Leadership Team.
The national association of manufacturers is the largest manufacturing association in the United States representing small and large manufacturers in every industrial sector in all 50 states.
We submit comments on proposed changes to the method for valuation of coal mined on Federal Lands.
Coal is a vital component of the nation's all of the above energy strategy that's fueling a manufacturing comeback.
The NAM supports policies that promote the leasing, exploration and development of the nation's coal resources in an environmentally sound manner.
These are national resources on public lands and they are vital to this country's economic growth.
The NAM opposes efforts to unnecessarily restrict access to these national resources.
Leasing programs which have historically been sporadic have limited the potential mining of billions of tons of coal that lie beneath Federal Lands.
A long term, stable and flexible leasing policy should be maintained to ensure the availability of Federal coal reserves to contribute to our nation's energy needs.
The Office of Natural Resources Revenue's stated goal for the proposed rule is greater simplicity, certainty, clarity and consistency in product valuation.
However, the rule results in the opposite.
The consultation process that preceded the rulemaking was inadequate and resulted in a proposed rule that injects arbitrariness and uncertainty into the leasing process.
Should the rule go final, potential leases could face significantly higher administrative burden, enhanced risk, and exposure to litigation.
In addition, the proposed rule could have a chilling effect on exports.
As discussed in our report filed in the docket by Timothy J.CONSEDINE Ph.D., the proposed valuation changes would make the export of coal mined from Federal Lands impractical.
Manufacturers support export of coal which supports close to 40,000 jobs throughout the supply chain and across ports in more than 20 states, including Virginia, Louisiana, Maryland, Alabama, Washington, Ohio, New York, and California.
These jobs include mining and support activities, construction, railroad transportation, transportation by water and truck, port operations and cargo handling, and you will the manufacturing supply chain jobs that support these activities.
Manufacturers oppose the introduction of market distorting barriers to energy exports.
The proposed rule should be revised to ensure that it does not unduly limit coal exports, as the DOI considers any changes to leasing -- the leasing process, the NAM recommends that the DOI conduct a full examination into the impact on the manufacturing community and its facilities that are involved in the supply chainsaw porting the coal sector.
Thank you for your time.
>> DOUG SARNO: Thank you, Rachel.

>> My name is Jim Lyon, I'm vice president for conservation policy, National Wildlife Federation.
We're a national organization of 6 million members and supporters and affiliate family of 49 independent state affiliates.
Many of these organizations are in coal states.
Wildlife are too often the first tomb impacted by poor land management actions and unbridled energy development in an increasing warming world that threatens their extinction.
I will be splitting a longer statement for the record.
I am going to focus on four points.
The Federal coal royalty system must be modernized and rates must be increased to ensure fair public return.
You are going to be hearing and already have heard a lot about the antiquated Federal mineral royalty system from 1920, rarely adjusted.
It is simply out of touch, out of date and inequitable.
It doesn't reflect other mineral rates, 18.75% for offshore minerals.
Some of the various states in the West are charging other rates for minerals on their parcels of land.
The structure must be modernized, adjusted to at least match comparative Ferric market rates, and -- fair market rates and not create an unfair subsidy, particularly if we're sending our coal overseas to global markets.
Second point, fun funded needs can be met by adjusting upward the Federal royalty rate.
I want to reflect on rod Torrez a few minutes ago talked about enhancing the hunting, fishing, maintenance of public lands.
This is where the minerals come from.
There are 37 million hunters and anglers in America who spend over $50 billion in this activity, more broadly the outdoor industry association reports that over 600 billion is generated in outdoor recreation with millions of jobs.
Given the importance of these regional economies they deserve to have the public lands, America's public lands, adequately managed, maintained and funded.
The third point is Federal Coal Program must be consistent with the administration's climate action plan.
We support the administration's action for climate -- on the climate initiative, EPA is about to come out with a major rule for power plants, you're about to go to Paris for a global conference.
We cannot have a strong, viable national climate strategy with a coal program that is not in sync.
And it starts by raising Federal fossil fuel royalties to fair market standards.
And finally, we ask that you examine the state of western coal reclamation before opening up more land.
For decades the coal program has opened up large areas of the west.
We have already heard and I will be submitting more for the record, in terms of how the coal industry is coming up short for full reclamation for many of the lands.
So before you open up more we ask you to take a look at what has been done.
Thank you.

>> DOUG SARNO: Thank you.
Let's take one more from this side.
>> Mime name is Jayne Hine and I work at NYU law school.
My institute recently released a report on the need to modernize the terms for Federal oil, gas and coal leasing.
The Federal land management policy act requires interior to both develop Federal natural resources for use and use in energy production as well as to cob serve the long-term availability of those resources and protect other environmental and recreational values.
In addition, the Federal Mineral Leasing Act requires that the public receive fair market value for these valuable resources.
Currently interior's leasing and royalty structure for coal on Federal Lands fails to provide a fair return for the public and fails to Harmonize production and preservation for several reasons.
First, coal auctions are not sufficiently competitive to ensure a fair bonus price for coal leases.
And minimum coal bid prices fail to account for the option value and the opportunity cost of leasing today versus leasing at some point in the future, if at all.
Second, the royalty rate system as applied suffers from lax and inconsistent royalty rate reductions.
These reductions have been applied in approximate 3036% of coal leases since 1990 resulting in the public receiving an effective royalty rate of far less than 12.5%.
Further, overly generous deductions for transportation costs fails to incentivize locating energy production at socially optimal locations.
Further, royalty rates do not account for the known environmental and external Al tease related to coal pollution.
These costs are then borne by the public which already receives an artificially low return for their nonrenewable resources.
Further, lack of transparency in this process hinders the ability of researchers to suggest changes that may be in the public interest and may be mutually beneficial.
Our report covers our recommendations in more detail and I'll highlight a few right here.
The Department should consider updating royalty rates to account for changing market dynamics, technological advancements, and the known environmental external Al tease known with production shun.
Reducing royalty rate reductions would achieve many of the same ends.
Second, interior should consider in a more systematic approach to identifying tracts releasing and for conservation values.
Not only tracts have identical value but our current fair market value approach as applied at the lease sale stage fails to value these different components.
Thank you.
>> DOUG SARNO: Thank you.
Let me call up the last people I have on the list to get in line, Gregory Conrad, John Fahee, Greer McBeth.
I think it's Plato Collins.
Deena Moffett.
And Dr. Lynn young.
If I have not called your name and you do wish to speak, sign up with someone in the back and

we'll get you on the list.
>> Hi, thank you so much.
My name is Lena Moffett and I am the Director of the Sierra Club stop dirty fuels program which handles our work to move the country beyond oil and gas.
I want to say thank you to the Department of the Interior for hosting this session and for giving us the opportunity to comment.
I applaud the administration for its efforts to take a harder look at the Federal Coal Leasing Program and make much needed reforms to help ensure it fits with the President's laudable commitment to combating climate change.
It's deeply encouraging to see the administration shining a brighter light on our public lands are leased for coal and these royalty rate reforms will help ensure the taxpayers receive a fair share when public coal resources are extracted from Federal Lands and I would like to second the recommendations made by colleague Marnie before me.
Increase -- much needed steps towards modernizing the program and we hope your agency move swiftly.
>>> But I would like to go a step pert and suggest similar scrutiny and reforms be applied to all fossil fuel extraction on public lands because as you know in addition to coal our public lands are also leased at alarming rates for oil and gas extraction and while the administration has made and is in the process this month of making incredible advances on reducing our greenhouse gas emissions from power generation, extraction must also be considered if we hope to make long term goals to combat climate change.
As the intergovernmental panel on climate changed and other scientists have made clear, if we hope to avoid outright climate catastrophe, at least two-thirds of all proven fossil fuel reserves need to remain in the ground.
And this includes one-third of all oil reserves, half of all gas reserves and 80% of global coal reserves.
And while we recognize that this is a significant goal that will require innovative and substantial leadership we believe the U.S. is up for the challenge.
For instance, renewable energy development has made -- has huge potential on both public and private lands and over the past five years we've seen technological advances decrease the costs of these technologies immensely, achieving parity with fossil fuel power generation in much of the world.
A report by the center for American progress found that realistically accessible renewable energy development on public lands in just six Western states, Arizona, New Mexico, California, Colorado, Nevada and Utah, could stimulate 137 billion dollars in investments, create over 200,000 jobs and generate 34.4 gig watts of electricity, enough to power 7 million homes.
The Department of the Interior has made encouraging strides in the past few years to expand renewable energy development on public lands, and we thank you for that.
It's been very encouraging to see the Bureau of Land Management meet its goal of approving 10,000 megawatts of renewable energy on public lands in 2012, and you have since helped facilitate wind and solar energy developments across the country.
And yet as of 2012 only 1% of the country's wind power comes from public land developments and even less so from solar.
It's our responsibility to do even more to ensure we move away from extracting fossil fuels and

towards clean energy development on public lands.
So I'll close by saying the Sierra Club supports your efforts to reform the coal program and we hope you will move swiftly to implement these reports.
Thank you.
>> DOUG SARNO: Thank you, Lena.
>> Hello.
Thank you very much for this opportunity.
My name is Marissa, and I'm climate campaigner at friends of the earth, an environmental nonprofit that works to champion a healthy and just world.
I would like to thank Secretary Jewell and Director Kornze for starting a conversation about what we should do to reform the coal program.
It is bad enough we let this carbon be extracted but what is even worse is we are giving it away to companies at cut rate prices.
The current coal lease sale process is noncompetitive and the system for valuing coal lacks transparency and is open to industry manipulation.
In a carbon constrained world there is no place for publicly owned coal to be mined and burned.
At the very least the Federal Coal Program must be reformed to ensure that taxpayers receive a fair return on the sale of their publicly owned resources and that the program is managed in such a way that it's transparent and takes full account of the social, environmental and climate costs of coal production.
The DOI should halt any further coal lease sales at least until the following reforms are enacted.
First, close existing royalty loopholes that allow coal companies to sell coal to themselves through subsidiaries at artificially low prices and then resell it on export markets for almost 10 times the domestic value, creating an effective royalty rate of 4.9%, far below the 12.5 required by law.
Second, raise royalty rates so that they reflect the true market price of -- true market price at the final point of sale.
By doing so millions of dollars will return to state budgets to support schools, infrastructure and other important programs.
Third, establish criteria to determine whether coal leases are in the public interest.
DOI has never denied a coal lease application, even though current sales require denial of leases that are contrary to the public interest.
These criteria should take into account current and future demand for coal, existing reserves, and environmental and climate impacts.
Fourth, use a social cost of carbon to evaluate the climate impacts of Federal coal leases.
If the SCC were incorporated into the lease price, the price should be as high as $62 per ton compared to its current cost of $1 and sometimes even less.
Fifth, update bonding requirements to ensure that coal companies are held responsible for their mining activities that impact the health of workers and local communities as well as the quality and the environment around their mines.
To conclude, leasing publicly owned coal is counterproductive to the administration' climate mitigation goals and contrary to the late he is climate science which tells us 80% at least of fossil fuel reserves must remain in the ground to be in order to have a chance of having

irreversible catastrophe.
>> DOUG SARNO: Thank you.
Let's take one more from this sigh.
>> I'm Mia Steinly with an organization call the project on government oversight, which is a nonpartisan government watchdog.
I want to thank the Interior Department and BLM specifically for holding this series of public Listening Sessions and for acknowledging that the coal program is desperately in need of modernization.
It's been over 25 years since the rules were overhauled and we think that it's time for a change.
We at POGO believe it's critical that the rules are updated to help insure taxpayers get their fair share of revenues.
There are three major areas of reform I want to note today.
Firstly, interior needs to continue to reevaluate the way it calculates fair market value.
This assessment should take into consideration the coal export market, which is something that interior's own in spec sir general has said the agency does not sufficiently do.
Until this happens we believe that the public could continue to miss out on millions of dollars in potential revenues.
Secondly, I want to stress the importance of transparency and oversight of the Federal Coal Program.
Currently the public does not have the information that it needs to be confident interior is obtaining a fair market value for Federal coal.
Without that data there can be very little independent oversight of the program.
Thirdly and finally, interior needs to reexamine the royalty rate itself as well as allowable deductions to the royalty rate.
As many have mentioned before me, headwaters economics found earlier this year that while the statutory royalty rate is set at 12.5%, companies only paid a royalty rate on average of 4.9% between 2008 and 2012.
We believe that royalty rate needs to be reassessed to ensure a fair return to the American public.
Again, thank you for your time and thank you for opening this dialogue.
>> DOUG SARNO: Thank you.
>> Good afternoon.
My name is Greg Conrad, executive Director of the interstate mining compact commission.
I'm bringing you a different stakeholder perspective to our discussions today.
I represent -- we are a multi-state governmental organization representing 25 states across the nation, including several that operate regulatory programs under the surface mining control and reclamation act.
Several of those states are in the West as well.
And operate those programs through cooperative agreements with the Office of Surface Mining.
You saw earlier today in the slide presentation from Al that the states play a vital role with regard to the regulation of coal in the United States.
So I'm here not to talk so much about how BLM conducts its Federal Coal Leasing Program but whether that program will continue and the impacts that it will have for states.

Our concern lies primarily in the revenues generated from the Federal coal lease program, both regard to royalties, bonuses and rents, and the percentages of that money that find their way back to the states.
The concern being, of course, that if those policies are too onerous, if we establish the rates too high, if the leasing program is structured in such a way that it is overly restrictive, we will see a reduction in the amount of coal that is produced on those lands, resulting in significant adjustments to the royalties that are received, and that find their way to the states and that are a significant part of the revenue that the states rely upon each year.
Another concern is that if the coal is not produced we aren't able to generate abandoned land mine fees which is paid on every ton of coal produced.
Unless the coal is produced, we don't generate those feels.
Those AML fees serve to fund the abandoned mine land trust fund which doles out money to the states for the purposes of accomplishing abandoned land mine reclamation across the United States.
So our focus in terms of your continuing work in 24 area is to be mindful of the impacts that any adjustments to the program will have with regard to revenues that are received by states and to the extent that the program is expansive and begins to look at areas beyond just the leasing program to understand the vital role the states play in cooperation with our Federal partners with regard to the regulation of coal.
We work very well and very cooperatively with BLM in the Land Use Planning Process.
We hope that that will continue into the future.
We continue to also work cooperatively with the Office of Surface Mining in the many interactions that we have with them on a regular basis.
Thank you very much for your time today.
>> DOUG SARNO: Thank you, Greg.
>> My name is Joel Darnsteder, with resources for the future here in Washington, which is an independent, nonpartisan, nonpolitical research organization specializing in natural resource and environmental issues, and in spite of the organization being as I described, nonpartisan, nonpolitical, I'm not here as a representative of the organization.
I speak only for myself this afternoon.
We've heard a good deal in the course of the presentations, some critical, some supportive, on fair market value, the adequacy of royalty rates, the fairness of returns for the U.S. taxpayer, and there's also been a good deal of commentary on global warming and carbon change.
I would want to argue only for a recognition or appreciation that each of these strands that I've just listed are arguably interconnected with one another and, therefore, I would call attention to the importance of alternative assumptions that are made, both with respect to downtown -- downstream coal markets domestically as well as foreign markets, and these market prospects or possible advertise will be governed, arguably, and to substantial extent, by what one assumes about public policies with respect to carbon taxes, other approaches to restraints on greenhouse gas releases and combustion so that I think it's increasingly important for BLM to an extent that has not been the case in the past historically to integrate these different strands of coal leasing viewed in this broader context.
That doesn't mean that BLM has to make forecast predictions of what will be, but it certainly should undertake, in my judgment, interest consideration the range of possibilities for

conditions that may dictate different outcomes for the coal industry and, therefore, different policies with respect to coal leasing in the United States on Federal Lands.
Many thanks.
>> DOUG SARNO: Thank you, Joel.
>> Hello.
My name is Gloria Zhang.
I am currently a student at U.K. University and I'm working on environmental issues this summer in D.C.
First I would like to extend a thank you to Secretary Jewell, the Obama administration and Department of Interior for holding this listening session and hearing from the public ways to update the Federal Coal Program.
As a college student majoring in environmental health, I think it's extremely important that the Department of the Interior update its Federal policies to ensure taxpayers are receiving a fair share from our public resources.
In particular, it is problematic that once mine and burned coal emits air pollution that can contribute to serious health effects, including asthma, lung cancer and cardiovascular disease.
As we update the Federal Coal Program it is also important to know that coal combustion directly contributes to climate change.
It's concerning that Federal goal accounts for almost 10% of all U.S. carbon pollution emissions and 13% of all U.S. energy related carbon emissions.
Giving away our coal at subsidized prices and allowing coal companies to take advantage of loopholes gives this dirty energy source an unfair advantage over cleaner and more renewable forms of energy and these policies inadvertently undermine President Obama's historic efforts to address global change.
It's time we made sure our publicly owned are resources are being well managed, as well as updating bonding policies.
Thank you again to Secretary Jewell and the BLM for your strong leadership on this issue and the opportunity to participate in today's session.
I look forward to having a more open and honest conversation on the Federal Coal Program.
>> DOUG SARNO: Thank you, Gloria.
>> Hello.
My name is jack and I'm here as a Sierra Club intern and American taxpayer.
I would like start out by thanking the Department of Interior for hosting this session and giving us the opportunity to talk about this issue.
As someone who comes from a small town in Indiana, this is a really awesome experience to be involved in democracy in this way.
So that being said, I wholeheartedly agree that the outdated Federal Coal Program should be reformed to ensure that taxpayers receive a fair return on the sale of their publicly owned resources.
This program must be managed in a way that is transparent to the public and consistent with the President's climate action plan.
I came here today to talk about my support for the administration's authority to ensure that Americans get -- like myself get a fair price for the mineral resources that we all own.
That includes coal mined from public lands.

And in order for taxpayers to get a fair deal that we rightfully deserve, companies must pay royalty rates that reflect the true value of Federal coal.
I support updating the royalty rate structure and raising the rate itself.
Right now the Federal coal royalty rate for surface mines is set at 12.5%.
Unfortunately, coal companies have figured out how to game the system, paying royalties on the initial sale and reaping the windfall profits with the subsidiaries resell the same coal on the open market often for 10 times the price.
It's time for the BLM to close that loophole.
In addition, other publicly owned natural resources a royalty rate of 18.75%.
Again, coal was 12.5%.
American taxpayers should get a fair return on all Federally owned resources.
The BLM should raise the royalty rate for surface mined coal to reflect this.
At a time when climate change threatens the American community, it's short sighted to give companies rewards for mining and burning coal.
Coal-fired electricity is the nation's single largest source of carbon pollution.
Right now the Federal Coal Program presents a serious threat to President Obama's climate change agenda and fundamental reforms must be put in place to protect families and businesses from climate disruption.
The Federal Coal Program is deeply flawed.
The DOI needs to increase royalty rates, close regulatory loopholes and fix the way it calculates fair market value to account for exports.
Thank you again.
>> DOUG SARNO: Thank you.
>> My name is LIHYOUNG.
I'm a Ph.D. in economics by training.
I'm here to join other organizations and environmental groups to improve government function and protect people, families, communities from harmful and to support the clean water and -- global farm wing I&E pollution from coal industry and petroleum and refinery.
My main reason has been since -- so I just focus on what I think is to emphasize.
The harmful pollution of the people's health, productivity, medical expenditures, individual family and social lives from private and social cost-benefit point of view.
Power plants and refinery and coal industry producing carbon pollution which harm our people and community while taxpayer and the general public have to pay the cost.
The coal companies don't have enough money or -- to clean up public lands when they are done.
They are abandoning, potentially leaving the taxpayer on the look for billions of dollars.
Coal accounts for more than half of all carbon pollution from fossil fuel extracted on Federal Lands.
I want to emphasize the social justice is in great danger.
So there is work to be done to promote fairness, freedom, justice, peace, humanity, productivity, well-being of general public, social, political issues and oppose -- [inaudible] which was doing more harm than good.
Unfairness and irresponsibility and unfair election and market mechanism and unjust influence of corporations causes serious social and political problems and costs our society tremendously

to that help you understand the social problem, as I have identified, and our families have suffered, I will attach this document -- in these documents, including my statement.
I have run from public offices from local to federally elections since 1994, including U.S. Senate and U.S. Congress.
So I urge officials and legislators to resolve what I call is the [inaudible] and [inaudible] particularly eliminate those the unjust network.
We are to improve government function, resolve issues, protect people from business and community tease from harmful activities on health, lives -- so I would like you to say -- including public-private and sometime using a public partnership.
--
>> DOUG SARNO: Ma'am, your time is up.
>> Okay.
I would like to submit this testimony with six attachments for the public record.
>> DOUG SARNO: Thank you.
>> Thank you very much.
>> Good afternoon.
My name is Greer McBeth and I'm a Senior at Cornell University.
I appreciate the opportunity to speak to you today about the Federal Coal Program and I want to thank the Department of Interior for hosting this session.
I agree that this outdated program should be reformed to ensure taxpayers receive a fair return on their sale of publicly owned resources and that this program is managed in a transparent way that is consistent with the President's climate action plan.
Presently the Federal coal royalty rate for surface mines is set at 12.5%, while other publicly owned natural resources like offshore oil and gas have a royalty rate of 18.75%.
And coal companies have further reduced these costs by exploiting a flaw in the system.
They sell coal to subsidiaries at below market rate paying royalties on the initial sale and then reaping huge profits when the subsidiary resells the coal in the open market for often 10 times the price.
According to a study conducted in by Mountain Pact in April 2015 this loophole combined with the government's undervaluation much coal may have cost taxpayers of upward of $30 billion in the last 30 years.
That is money that could have been used to fund schools, infrastructure, and other priorities in the communities where they operate.
It's time for the BLM to close this loophole because the American taxpayers should get a fair return on all Federally owned resources.
Furthermore, this is an issue not just because it's it shortchanged American taxpayers but incentivizes the coal industry to continue to burn coal, polluting American communities nationwide.
At a time when climate change threatens Americans, it's short sighted to reward companies for mining and burning coal.
Coal-fired electricity is the nation's single largest source of carbon pollution and right now leased coal accounts for more than half of all carbon pollution from fossil fuels extracted on Federal Lands.
The Federal Coal Program presents a serious threat to President Obama's climate change

agenda and reforms must be put in place to protect family and businesses from climate disruption.
The Federal Coal Program is deeply flawed and it's time to level the playing feel and make coal companies pay their fair share.
The Department of Interior needs to raise the royalty rate for surface mined coal, close regulatory loopholes, and fix the way it calculates fair market value to account for exports.
Thank you.
>> DOUG SARNO: Thank you, Greer.
>> Thank you for the opportunity to testify.
My name is Phillip Collins.
I'm an attorney in Washington D.C.
I want to start by noting the fair return for taxpayers, that taxpayers are not simply financial entities.
They're imaginary entities such as corporations may be financial -- they may not have bodies affected by the pollution and but the taxpayers when you look for a fair return, you should look for a fair return not just the finances, pocketbooks, but also health and lives so that the coal mining enterprise should also pay the cost for the health and lives of the taxpayers such as the part of the coal -- mining cost should go to pay for the Affordable Care Act, for example.
And there should not be just thought of short term but also long term so when you have effects like sea level rise in Miami, there should be a mechanism for the coal responsibility for that to be accounted for and paid to help fight sea level rise in Miami or fight hurricanes in an area where there otherwise would not be such a damaging hurricane.
So that is my point today, that all the costs should be accounted for, taxpayers are not just financial entities, they're also human beings with lives and families.
Thank you.
>> DOUG SARNO: Thank you.
>> Hi.
My name is Sydney Frederick and I'm here as a climate activist, Sierra Club intern and American taxpayer.
I want to start bye-bye saying thank you to the Department of the interior for hosting the session giving us a chance to talk about serious issue.
Taxpayers deserve to have a fair, transparent return on the sale of their publicly owned resources and a program that's managed in line with the President's climate action plan.
That's why I believe that this outdated Federal Coal Program needs to be reformed.
To ensure the taxpayers get a fair deal, companies must pay royalty rates that reflect the true cost of climate disruption and true value of Federal coal.
That means we should update the royalty rate structure and raise the rate, particularly for surface mined coal.
Right now the Federal coal royalty rate for surface mines is said at 12.5%.
Meanwhile other publicly owned natural resources have a royalty rate of 18.75%.
At a time when climate change threatens Americans and coal-fired electricity is the nation's single largest source of carbon pollution, it's wrong to reward these companies for mining and burning coal.
The Federal Coal Program as it currently exists presents a serious threat to the -- to President

Obama's climate change agenda and fundamental reforms need to be put in place to protect families and businesses from climate disruption.
In addition to the way the Federal co-program blow moats climate change, a loophole let's companies claim money American taxpayers deserve.
They are selling coal to the a subsidiary at a below market rate and reaping profits when the subsidiary sells the coal on the open market.
Our Federal Coal Program is deeply flawed, letting coal companies threaten our climate and chance for a livable future while weaseling their way out of money they owe to taxpayers.
The Department of the Interior needs tine crease rates and Do What's Right for the American people.
Thank you.
>> DOUG SARNO: Thank you very much.
Did everybody who was on the list get a chance to speak in?
Thank you.
Thanks for your patience.
Thank you for your civility with our process and I'll hand back over to BLM.
>> NEIL KORNZE: Again my name is Neil, Director of the Bureau of Land Management.
I want to thank you all for taking time out of your busy lives and day to visit with us and share your thoughts.
I think this is an important and constructive start to thoughts about how to modernize the Federal Coal Program, which produces a very large portion America's energy.
As I look back through my notes from today we've heard from industry, we've heard from local rancher, heard from many environmental groups, we heard from fiscally focused organizations, we heard from a great number of interns from the Sierra Club, thank you for being here
[laughter]
We heard from the law school institute.
And we heard from wildlife organizations.
There are probably others that I have not noted.
But I think that is a nice, broad distribution of thoughts, and we know and look forward to hearing from an even broader community when we get out on the road and get to the next four Listening Sessions.
So thank you very much for your investment.
These are important questions.
Some of these processes can be long but it's important to us that we have as much information as possible before we start a serious dialogue.
And so this is the kickoff to that process and it's very kind of you to come out for it.
Thank you for your time.
[applause]