ROUGHLY EDITED TRANSCRIPT

BUREAU OF LAND MANAGEMENT
COAL PROGRAM LISTENING SESSION
DENVER, COLORADO
AUGUST 18, 2015
1:00 P.M. MOUNTAIN TIME

Captioning Provided by:
Closed Caption Productions, LLC
P.O. Box 278
Lombard, IL 60148
www.ccproductions.com
Phone: (844) 335-0911

* * *

* * *

>> Liz O’Brien: Good afternoon.

Could you all come in and have a seat, please?

>> Okay.

Ruth.

Ruth, is your mic on?

>> Ruth Welch: Thank you, Dan.

Well, good afternoon, everyone.

I'm Ruth Welch.

I'm the state director for the Bureau of Land Management here in Colorado.

And I wanted to welcome you all today.

Thank you so much for coming.

We are so happy to see so many of you here this afternoon.

It's very important to us that we hear from as many people as we can during this session.

So thank you, for those of you who came from across the state to join us here in Denver.

We really appreciate the time you took to drive here today.

I do want to tell you up front that we do need to wrap this session up at 4 p.m. today.

I do apologize that we are not able to go long.

The hotel is very booked today, and we have no flexibility as far as extending this room.

So we are going to try and shorten our remarks from the table up here, as much as we can, so that we can give you all every opportunity to speak.

Liz is our facilitator, and she will be giving you some ground rules when I turn it over to her in just a moment.

Unless you want to talk first, Liz.

I would be happy to let you do that now or --

>> Liz O'Brien: I will wait, thanks.

>> Ruth Welch: I want to say real quickly, we have the sign up sheet in the back for everybody who wants to speak this afternoon.

We are going to try very hard to give every one of you an opportunity who has signed up.

We will take a look at the list here in just a few minutes when everyone has had an opportunity to sign in.

So if you do want to speak, you do need to sign in on the list and the table is just outside the store over here to my left.

We are going to limit comments to three minutes.

If we have too many speakers, we want to be as fair as we can and we may use a lottery system to hear from as many of you as we possibly can.

So again, I want to thank you all for coming.

We are so fortunate in the Bureau of Land Management that we have the opportunity to manage the natural resources we do in Colorado, coal being just one of them.

BLM Colorado has 4.8 million acres of land and 29 millions of subsurface minerals.

So overall the BLM contributes in all of our programs, recreation, grazing, energy development about $6.6 billion to the state economy.

We couldn't manage all of these resources without help and input from people just like you.

So thank you, again, for coming this afternoon.

I really look forward to an open dialogue on how we can best continue to manage the public lands and the coal program, and we continue -- we hope to continue your interest and your participation in this process, and there are opportunities to comment both online and in writing.

If you would like to write your comments, there are sheets out at the registration table that you may write your comments and submit them this afternoon.

You may also submit your comments over the web.

So I see that our deputy secretary Mike Connor has joined us.

Thank you, Mike Connor.

Mike is here from the Department of Interior.

He's the second ranking official in the department.

He serves with our secretary, Sally Jewell, we are so pleased that Mr. Connor could be here with us today.

He is one of our key leaders in implementing our administration's priorities for the department, including water policy.

He has more than two decades of experience in the public sector.

He also served as the commissioner of the Bureau of Reclamation from 2009 to 2014.

He also spent some time here in Colorado.

He's a graduate of the Colorado -- University of Colorado law school.

He earned his juris doctorate here in Colorado.

So we are so pleased to have him here to join us this afternoon, and I would like you all to welcome our deputy secretary Mike Connor.

(Applause).

>> Mike Connor: Thank you very much, Ruth.

My apologies for running in here in the last minute.

I flew in here, and I think I might have stood in the longest rental car line ever that I have experienced, at least, but I'm glad to be here.

And most of all, I'm glad that all of you are here today, taking time out from your schedule to give us your thoughts and I know we have limited time today, with the public hearing.

So I want to put a little context into what we, the Department of Interior are trying to accomplish with the public meeting.

First of all this is the fourth in a series of five listening sessions that we are having, Washington, D.C.; Billings, Montana; Gillette, Wyoming; Denver, and then Farmington; New Mexico in a couple of days.

We want to hear directly from all of you with, no doubt, a wide range of perspectives about how BLM can best manage its coal resources to ensure that the American public receives a fair return for the use of those resources.

We are in the early stages of thinking about this particular issue, and so these listening sessions are very important part of the process.

They are not just, you know, an opportunity for us to show up and give lip service to the idea of listening.

We really do want to hear what you have to say.

Your thoughts, of course, your written comments as part of this process.

And so I encourage you all to do that, and to engage have substantively in the process.

These are not simple issues that we are trying to deal with.

They are much more complex because of the complexities of overall issues surrounding energy development and energy use in this country.

Questions that are -- we are contemplating at the Interior Department, can we adapt in a very fast-changing energy environment?

How do we modernize our energy programs to -- in anticipation of a new energy future?

And are we doing what is needed for the United States to lead the world open energy development and energy use.

At the same time, we at the Department of the Interior are the nation's largest land manager.

We have the -- a very diverse and large land management portfolio.

So continuing both the secretary and I are constantly talking about and figuring out whether we are striking the right balance between conservation of our natural resources and the development of those resources.

Do we have the appropriate measures in place to protect our land, water and climate, both for today's generation and for future generations?

How might any reforms affect local communities?

That's an equally important part of the dialogue here.

How will hard-working individuals, economic opportunities particularly in rural areas be impacted by any reforms we put in place?

And certainly, where we authorized development, are we making sure that the American taxpayer here in Denver and elsewhere are getting an appropriate return on those resources which are, indeed public resources?

We've got a lot going on in the coal sector at the department, as I'm sure, you know, we've got the office of surface monitoring has issued a stream protection proposed rule.

So we are looking at resource protection as part of our coal programs at the Department of the Interior.

Our office of natural resource revenue has a new proposal for how we value coal and how we assess royalties on that value, and BLM has already instituted some new approaches on how they value, appraise the fair market value of coal during the leasing process.

So this dialogue that we have initiated over the last few weeks and that we are continuing today is part of that process to figure out what is that fair market value and how do we ensure that there's a fair return on those resources for the American taxpayer.

It's incredibly important that we do so.

The coal resources that we manage at the Department of Interior are very significant.

There's 570 million of the subsurface acres that the department is responsible for.

The government accountability office, the inspector general at the department, members of Congress from both sides of the aisle have made it clear that they expect us to engage in reforms associated with our coal programs.

So today we just want to summarize, hear from you, regarding whether taxpayers and local communities are getting a fair return from these resources.

How can we make our program more transparent and more competitive overall and how do we manage the program in a way that's consistent with our climate change objectives at the federal level.

These are hard questions.

They are important questions.

Your input is very much necessary part of that dialogue.

Once again, very much appreciate you being here and taking the time today.

We are here to listen, take in all the comments, share in that dialogue with you and with that, I will turn it over to Mike Nedd our assistant director in energy, mineral and realty management and I think Mike will step you through some introductory comments.

>> Mike Nedd: I too would like to express my appreciation for you taking time out of your schedule to come and share your thoughts with us.

The information you share will certainly help the BLM and inform the BLM as we move forward with this program.

Today, roughly 40% of the coal produced in the United States come from federal lease tract.

The BLM is charged with ensuring that these resources are managed responsibly, while providing a fair return to the American taxpayer.

You know, we realize in BLM that hearing from the public is very important and so thanking you for being here is very important.

Given the time we have, I want to just get to the agenda and so we can get Mitch up.

Today on the agenda, you will see Mitch Leverette will be providing some background information.

Once he wraps up that, Liz O'Brien who is our facilitator will set the format and we will move into the listening session.

Thank you for being here and thank you, Mike.

Thank you Secretary Jewell and our director for helping to move the program forward.

Here's Mitch.

>> Mitch Leverette: Thank you, Mike.

Yes, I'm going to talk just for a few minutes to give an overview of our coal program in the BLM.

As we stated, this is the fourth of five listening sessions.

The next session will be in Farmington, New Mexico, on Thursday.

Over the past ten years in the BLM, we have managed to produce approximately 5.1 billion tons of coal, worth over $72 billion.

The production generated $7.9 billion in royalties and nearly $4 billion in revenues from rents, bonuses and payments.

We have held 39 coal lease sales.

As Mike stated, approximately 40% of the nation's electricity was produced from coal and approximately 40% of the coal produced was from federal coal.

And 85% of that was from the Powder River Basin in Wyoming and Montana.

This chart simply shows the federal coal tons leased and mined and the blue bar shows the tons that have been leased over the past ten years, and this bar shows the tons that have been mined.

As you see, the tons leased fluctuate over time and that is a result of when the environmental review is completed.

The production has been fairly steady over the past 10 years.

If you notice in the past couple of years, there's been very little coal leased.

This chart the coal bonus bids.

The coal royalties are the payments received up front or partial payments are received up front for the bonuses to determine who will actually win the coal bid.

So we have the bonus bid and the royalty collected.

The bonuses are paid over five years.

The royalty is paid as the coal is produced.

So in 2012, for instance, there was a big year for bonus bids collected, $1.5 billion, and $799 million in royalties collected during that year.

But it just shows the revenues that are collected.

This is a simple map showing where coal is produced.

Our coal is found in the U.S.

The circle basically is the Powder River Basin area, where most of the coal was produced on BLM land.

This is just a simple schematic of the federal coal leasing process.

I will just quickly -- the application and review, NEPA and environmental analysis, fair market value review, a lease sale, the sale is reviewed, bond is posted, we issue a lease, and OSM has to issue a mine permit and once that permit has been issued, mining can begin.

Just a little bit about royalty and royalty rate reductions.

We have a couple of things to talk about with respect to statutes within the coal program.

The statute states that a lessee must a royalty not less than 12% on the sale of the price of coal.

It also says the secretary may determine a lesser royalty rate for underground mining to promote development.

Under regulations, it states that the lessee must pay a royalty of 8% for underground coal mining, and not less than 12% for surface mining.

And also the regulations state that the lessees must pay a rent of $3 per acre.

Bonding requirements.

One thing to explain about bonding is bonding is -- is completed at the BLM, but also at the office of surface mining.

BLM is responsible for bond -- it's called the performance bond and it's bonding for the payment of royalties to the BLM.

OSM, their bonding is basically the reclamation bond that's held for coal mining.

Over the past several years, we have been engaged in several audits, a GAO and an OIG audit and there were many things that we worked on to improve the coal program.

Two things that are pertinent to our discussion today are the lease sale valuation process and the royalty rate reductions.

And the lease valuation process is important because it establishes the presale estimates for fair market value, and through our audit process, we have issued a new handbook and manual to talk about how this process will occur.

We have also introduced a third party review process, in which we have an office reviewing our products.

And we have brought more transparency to the process.

With respect to royalty rate reductions, we have issued guidance to streamline the application process, and we also required ONRR to consult for financial hardships for royalty rate reductions during the application process.

That's basically the overview of the coal program and I will turn it back over to you.

Thank you.

>> Liz O'Brien: I think you have been sufficiently thanked for coming.

I want to remind you that we have a limited time.

The hotel is booked again at 6:00.

So we are meant to be out of here by 4:00, and I would really like to get everybody who signed up to speak to speak.

I know there was a mention of a lottery in the beginning.

We are going to not do that at the moment.

We are going to go by the way you signed up to speak.

I think what we have learned from the other listening sessions is that reasonable people can disagree in a wonderful way.

So I hope that holds true in Denver also.

I would like to let you know that you have three minutes for your presentation, and that means if there's one of you, you have three minutes.

If there's 36 of you, you have three minutes.

So three minutes really is the limit.

And to begin today, we need the microphones, actually.

Where are the microphones?

I'm going to ask, there are some state representatives here from senator Gardner's office, representative Tipton's office, and a state senator Matt Jones.

I would like you to come up and take just a minute to say hello and how about Jorge Delgado first.

From senator Gardner's office.

>> Good afternoon, Jorge Delgado from senator Gardner's office.

I'm here to listen and take notes on all the comments and concerns you may have.

Thank you.

>> Liz O'Brien: Thank you.

Now, that's what I call good timing.

(Applause)

Whoa!

Thank you.

Doug Fitzgerald.

You've got a lot to live up to, Doug.

(Laughter).

>> The Congressman could not be here today.

So he provided me with a written statement that I would like to put into the record.

Good afternoon, and thank you for the opportunity to provide some remarks on this issue on behalf of Congressman Tipton.

The Department of Interior has expressed a desire to modernize the federal quote program and is especially interested in learning whether the American citizenry is receiving a fair return on public coal resources.

In principle this is a fair question to ask, and a conversation worth having, as it would be with any public owned resource.

However, in the broader context the premise of this question is entirely misplaced.

Allow me to explain.

It is no secret that current efforts to discourage coal production are myriad.

The American coal production and coal-fired electric generation meet with regulatory and legal obstacles at every turn.

In 2008, the president outlined an energy vision in which he stated if someone wants to build a coal-fired plant they can.

It's just that it will bankrupt them.

There is no ambiguity in that statement.

The administration is certainly not seeking to encourage coal production, indeed the opposite.

The EPA just finalized its so-called clean power plan, a carbon emissions rule that will force states to submit complex state plans to meet the federally mandated emission goals.

The EPA estimates the amount, the annual cost of this rule to be anywhere from 5.5 billion to 8.8 billion with other estimates coming in much higher ranging from $366 million to $479 billion from 2017 to 2031.

In the Congressman's own district, with the wages and the benefits exceeding $66 million have been lost with more threatened to due to anti-coal lawsuits.

Another 220 are threatened in Moffat and Rio Blanco's county.

In such an environment why is the depth of interior worrying about whether the public is receiving a fair value on something that the federal government is limiting.

A demand will result in no revenue whether the royalty is 8% or 12.5% or 75%.

Shouldn't we instead be having a question about fostering robust, environmentally responsible federal coal development?

Then and only then can we have an honest dialogue whether the royalty rates are appropriately set.

Let us not forget that royalties are only a portion of the revenues generated by coal mining.

There are bonus payments received at the time of lease as companies seek to out bid one another for the development rights.

Higher demand will result in higher bonus payments and annual rentals and other fees.

State and local governments are accrue revenues through their own assets, taxes and fees on equipment and production, and the high wages of employees are most definitely to Boone to local communities.

Let us not to neglect the ultimate end use of coal, inexpensive, reliable generation of electricity throughout the nation.

According to the energy information administration in 2014, coal-fired power plants generated 39% of the total electricity in the U.S., making it the number one resource for American electrical power.

Our energy portfolio is made stronger through diversity and coal does now and must continue to fill a vital role in that equation.

The Congressman recognizes this in the approach to power the nation.

Coal provides a royal fee.

The low cost equates to savings for the average American on the monthly energy bill and especially critical consideration for lower income families seniors others on fixed incomes.

And its abundance domestically distributes to the American energy security.

After the department acknowledges these facts, and facilitates a vital federal coal program then we can accurately analyze revenue streams and have a genuine discussion.

Right now the issue is premature.

Again, thank you for the opportunity to provide our remarks on this issue.

>> Liz O'Brien: Thank you, Doug.

(Applause)

Um, start the timer, please.

Matt Jones, state senator.

>> Once you remove it, it's gone.

We have been crushed, fair share, fair return.

My name is Matt Jones I'm a state senator, representing Lafayette, and part of you here in Colorado.

Those are the points I want to make.

Once you remove these minerals, they are gone.

They are our minerals and that's' the context you do the lease payments in and the royalty payments in.

Secondly, we have been crushed in Colorado.

The great recession and the previous recession have driven our budgets to the floor.

We have a constitutional amendment that requires us to balance the budget.

We cut 16% from k through 12 education.

$1 billion.

16%, in one of my school districts, there are two more kids per class and there probably will be for a while because we are not digging out of the hole.

That's less instruction time.

That's less competitiveness compared to other states.

We cut higher Ed 20%, including CU law, unfortunately that hurts our competitiveness as well.

And that's part of the American dream.

You go get a college degree, right?

We are making it very hard to do, very expensive to do.

So we have been crushed in Colorado.

We balanced our budget in a bipartisan way, and we can't pay for our schools as much as we would like.

We cannot build any new roads as well.

We learned that the hard way on US-36.

Whenever you are here public/private partnership, grab your wallet.

And beyond that, we are doing the first state water plan and we are not going to be able to build any infrastructure to help solve those problems.

You look at Colorado's drought.

We will have that at some point too.

So we have been crushed.

Now, I read in here, we are talking about a fair return and a fair share and that's what I think we need to have.

Not an effective rate of return below that 12.5%, but the 12.5%.

That's all people are asking for, because there's no illusion that this will solve all of our budget problems but this will be a big part of it.

And we use that infrastructure for water.

We use that money for water projects in Colorado and we are not going to get there without that kind of money and we are depending on you to take our resources because once you remove it, it's gone.

And know that we have been crushed financially and we're not going to dig out of this hole very well, and that we want a fair return for Coloradan and for people who own those minerals collectively.

Thanks nor doing this and thanks for everybody being courteous to each other.

The first amendment is a great thing and we should be respectful of one another.

>> Liz O'Brien: Thank you, sir.

KC Becker.

>> Thank you, my name is KC Becker, I'm a state representative from very dense urban areas to on the front range to some of the most rural, beautiful mountainous areas on the western slope.

This has been an issue when I was -- since I was an attorney at the Interior Department about 20 years ago, needing to modernize the coal royalty program.

And it's been avoided and avoided for years.

What's important to me, one thing I have been working on at the state level, is making sure that the state government is accountable to our taxpayers for every tax break, tax deduction, tax credit that we give in all sorts of areas from -- for environmental benefit all the way to economic development.

What is important is that taxpayers know what subsidies they are giving, and to whom and how much.

I think these are tax subsidies that the American public is giving to one sector.

That may be okay, but we need to be very transparent and accountable to that.

Oftentimes those subsidies mean that there are forgone -- that there are invisible costs, hidden costs and externalities.

I think this is a very prime example of that.

So what's happening in Colorado is because we are not receiving local communities as part of these royalties -- the local communities that would -- could otherwise really benefit from higher tax royalties, increasingly turn to the state for their needs.

I think Americans are losing out on hundreds of millions of dollars in revenue and I think the companies need to be responsible for their mining impacts.

So what I would like to see most of all is a very clear understanding -- of these subsidies and what local communities are really losing out, and local governments, and how those costs are otherwise being covered.

Over and over, we see costs just being shifted, and I don't want these costs that should be borne by -- because these are public lands borne by Americans in other ways when it's really the responsibility of those who are removing the minerals.

So thank you.

>> Liz O'Brien: Thank you.

I'm going to call the first five names and if you would line up at this microphone, please and the second five line up at this microphone.

Stewart Saunderson, Dex stone, Tom Nelson, Don Vasot and Beth Goodnell.

All over here.

Jonathan downing, Barry Engold, Keith Baker, and Chris Crawley.

Over here, please.

And could you really speak right into the microphone because this is being Livestreamed and that would help.

Thank you.

>> Thank you, members of the panel, my name is Stewart Sanderson and I'm the president of the Colorado mining association.

Our organization and its more than 1,000 members includes the producers of clean

Colorado coal and other minerals throughout Colorado and the west, as well as the larger community of those whose lives and livelihoods depend upon the revenues that this industry provides.

Coal mining is vitally important to the state of Colorado, and the bulk of it occurs on federal leases.

The industry generated nearly $1 billion in direct sales last year, and according to the most recent reports, generates nearly $3 billion in contributions to Colorado's gross domestic product.

Our 6200 workers who work directly in the industry include coal miners and those miners earn average wages and benefits in excess of $122,000 annually.

Coal mining absolutely anchors rural economies, but it is also the most affordable fuel for electricity generation and helps to keep electric rates affordable across the board in Colorado.

Our coal's benefits are substantial but the environmental impacts of the state's eight coal mines are very limited.

They have earned outstanding awards for reclamation and environmental and safety achievement.

I want to speak briefly about federal coal royalties.

Federal and state royalties last year amounted to nearly $40 million.

The industry overall, according to the coal report, which we are submitting to the panel today, contributed well over $100 million annually in taxes to the state of Colorado.

So we are definitely paying our fair share.

The Department of the Interior, however, says we need to have an honest conversation about whether the public is receiving a fair return on federal coal resources.

But I see nowhere in the notices for this proceeding any statement about the government's own role in causing the decline in coal production that has resulted from mandates for higher cost energy at the state level, as well as the EPA's regulations on carbon and mercury, which will cause a loss of an additional one-third of the coal powered plants in this country.

Our plants according to a statement or mines according to statements submitted by the national mining association, they above market royalty rates already.

Our state used to rank second among all the states in the federal coal royalty payments.

We have fallen down that list, largely because of regulatory initiatives that have removed markets for Colorado coal in state, as well as markets to the Tennessee valley authority and other power plants outside of the state of Colorado.

I think it's important for the government to analyze the impacts of its own remedies because lower production means lower royalties, zero production means zero royalties.

Thank you.

>> Liz O'Brien: Thank you, Mr. Sanderson.

Could you introduce yourself, please, and say what --

>> Good afternoon.

My name is Dex Sloan and I'm a senior vice president at arch coal, one of the nation's largest coal producers.

On behalf of arch's 5,000 employees let me begin by commending the department for the good work it's done on the federal coal program to date.

As the government accountability office and the inspector general have made clear, the federal coal program is working and working well.

As Mitch pointed out earlier, in the last decade alone, the program has generated roughly $12 billion in revenues for governmental entities, revenues that have been put to work to bill schools and fix roads and provide critical services.

We are proud to say that the men and women who work at arch play a big role in that success.

How big?

In the Powder River Basin where we produce 95% of our federal coal, we pay royalties, taxes and fees that approach 40% of the average selling price of our product.

To put hard numbers to, that last quarter, arch receives an average price of just over $13 on each ton of PRB coal that we sold.

Of that $13, we paid nearly $5 in royalties, taxes and fees.

In comparison, our operating margin, before taking out interest expense and other administrative costs was 58 cents.

It's hard to see how anyone could argue that that's not a good deal for U.S. taxpayers.

The federal royalty alone consisting of the up front, as well as the per ton payments totaled around 20% of the selling price.

That's more than twice the very highest rate we pay on private lands.

And on average, it's three to four times higher.

In truth, what critics of the program really mean, when think say it's not enough, is that it's not enough to ensure that the coal stays in the ground, which is the real objective.

In short, they don't want a higher return.

They want no return.

It's a disingenuous argument and we question why the department would take it seriously.

After all, a central part of the department's mission is to optimize the value of the public resources.

We ask you, what is more optimal, 40% or 0%.

At present the coal we mine on federal lands is competing for market share every day, with nonfederal coal as well as with natural gas produced predominantly on private lands.

Even a small increase in the royalty rate could tip the balance and the road and the important federal revenue stream.

To quote senator Enzi who testified in Gillette last week, you are running the very real risk of killing the golden goose.

Finally I would be remiss if I didn't point out that the last revenues won't be the only cost for everyday Americans.

Nationwide families earning less than $50,000 per year spend around 17% of their take home pay on energy.

Those families will not be well served by a so-called reform effort that is really just a thinly veiled and highly regressive energy tax.

Should the OAI decide the reform is necessary.

We ask you to make the federal coal more competitive in the marketplace, not less.

Thank you.

(Applause)

>> Hello, my name is Tom Nelson, I work for cloud peak energy.

Thank you for allowing me to -- sorry -- this opportunity to speak today.

I'm here representing myself, my family and my coworkers at cloud peak energy.

I have some opening remarks and then I will touch on the royalty rate.

I have heard some compelling arguments to redo the coal leasing process and changing the royalty rate.

I have also heard many unproven and unsubstantiated claims and this committee and the BLM and the ONRR should not be unduly influenced by these claims.

There are no special loopholes.

We don't police ourselves nor do we have large accounts with funds being hid for taxes.

We also don't sell to subsidiaries below market prices to avoid taxes.

This is simply not true.

If we sell to a subsidiary, it's the same process as selling to a private party.

It's high cost and risk to us.

We are a publicly traded company, which has audited financial statements.

We also follow BLM ONRR and SCC guidelines.

In 2014, cloud make energy paid $34 million, and in a year when we had a net income of $78 million.

I have also heard reference to several reports, Headwaters to name one, claiming that coal companies have underpaid for royalties and leases.

These reports make grossly ambitious assumptions basically promoting the negative perception of coal and coal companies.

It is shameful that such poor quality analysis is put in the public domain.

I can tell you this, and I speak with great experience on this, would you never see any reputable corporation in any industry in this country produce such misguided information.

It is the responsibility of this committee to filter through such misleading information and only review accurate data, which is available to you.

I reference the Head water report that coal companies have under paid by approximately $124 million.

Isn't everybody going to be disappointed when this is proven unfounded?

The reason the U.S. enjoys low energy prices is because the availability of low-cost energy resources.

Thank you for your time today.

Thank you.

(Applause).

>> Liz O'Brien: Thank you.

Could you just hold -- could you hold one minute.

Could we just all pretend we are at the movies and turn our phones off?

It's quite disturbing up here at the front to hear the phones going off.

Thanks.

Sorry.

Go ahead.

>> Thank you, Liz.

Good afternoon.

My name is Don Visett I work with the cloud peak energy.

I worked in the coal industry for the past 34 years.

I'm here to dispel the notion that the current program doesn't provide a fair and reasonable return to the public.

Let me describe the amounts and taxes and royalties that our industry pays in Wyoming and Montana where we operate.

Royalty for federally owned coals is taxed at 12.5%.

In addition, we pay a federal black lung tax at 4.2%.

We have pay a federal reclamation tax at 28 cents per ton.

Severance tax is paid in Wyoming at 5.1%.

Montana, it's 11%.

The extraction tax in Wyoming is an additional 4.3%, and gross proceeds paid in Montana is 3.7%.

In total, we pay 28 to 33% of our gross revenues that go to pay taxes and royalties.

In 2014, our organization paid $354 million in taxes and royalties while net income realized was only $78 million.

That does not include the up front costs or bonus bids you talked about earlier.

That's paid for the rights to mine the federal lease.

As you are well away, the bonus bids have brought in billions of dollars of additional revenue under the federal coal leasing program.

Please understand these numbers don't include other taxes paid by our organizations such as sales tax, payroll taxes, and income taxes.

I would argue that the coal industry not only pays their fair share when it comes to taxes, but pays more than their fair share.

The second point I would like to make today is to challenge the federal government and this department to expedite the federal leasing program.

I had the personal pleasure of working in Gillette, Wyoming, for 15 years.

My wonderful wife and I raised our three boys in Gillette, in the great state of Wyoming.

I worked as a technical service manager at several of the large service operations.

At that time, we could expect leasing and permitting process to take three to five years.

Today, that process has escalated to seven to ten years.

If you truly want to extract value from the leasing program, I challenge you to evaluate your current processes and eliminate the cumbersome bureaucracy in order to expedite the leasing program.

In closing, I ask that you carefully consider the impact on increasing royalty rates.

Increases will burden every citizen in this nation by negatively impacting our electricity costs.

Reliable, low-cost energy fueled by the coal industry is what made this nation great and will continue to fuel the economic engines of this country.

Thank you for the opportunity to speak today.

(Applause)

>> Liz O'Brien: Thank you.

>> Hi.

My name is Beth goodnell and I'm with western fuels association, and we are a not-for-profit cooperative that produces, procures and manages the delivery of approximately 17 million-tons of coal to utilities in the great plains, the Rocky Mountain region and the southwest U.S.

That 17 million tons of coal is enough to generate about 44 megawatts of power.

That's enough to supply the needs of about 3 million households throughout the U.S.

These are some of the most persistently poorest households in the U.S. and our member owners are concerned about the clean power plan, rightfully so.

It's predicted that we are going to lose about 360,000 jobs due to the clean power plan.

And, in fact, according to the institute for energy research, they are estimating a new study out today, estimates that due to the higher energy prices, caused by the clean power plan, there are going to be approximately 14,000 more people will die from reduced incomes than will be saved by the EPA's protected clean power plan.

In other words increased energy costs destroy jobs, decrease American's disposable income and ultimately makes the poor poor and the sick sicker.

So I'm here today to urge you to make very limited changes to the current program that you have.

Streamlining, permitting and leasing is important in order to keep coal as a viable electric source of energy for this country, and for our ratepayers.

Taxing the coal industry right now at 30 to 40% is more than their fair share, and the income from the royalty rates and the lease bonus payments of 1.2 billion per year, it's approximately -- it's actually more than 20% of the total income the Department of Interior.

We would hate to see you over tax it to where that income actually decreases or goes away.

We advocate maintaining the 12.5% royalty.

We think that's fair.

It's been proven through the years.

We do want some flexibility in the lease bonus payments.

Obviously, recently the companies are not even bothering to lease or not meeting the lease bonus payments.

The market is decreased and your program needs to reflect that decrease in the rates.

Cost to consumers needs to be a major factor when you are making your decisions.

And so, again, we advocate no major changes to the coal leasing program that will result in additional large increases and costs to our rural customers.

Thank you very much.

(Applause).

>> Liz O'Brien: Thank you.

Jonathan?

>> Good afternoon and thank you for making the trip out west to listen to us and the rest of the folks out here.

I have been through the Gillette listening session, I must commend the work of BLM on ensuring we had a nice, civil discussion and that's something we all appreciate in the west.

I'm Jonathan downing, with the Wyoming mining association and I represent over 6500 coal miners in Wyoming.

Our main concern when we are looking at the questions that were out there for discussion during these sessions was mainly, what type of impact, if you do increase the royalty rates does that have on coal in the west, the competitiveness of coal in not only the west but in the world economy.

And when you look at who also benefits from low-cost affordable coal, the electrical ratepayer benefits greatly from that.

And if you look here in Colorado and Wyoming, across the west where you have data centers located, a lot of times those data centers are located areas that have low-cost affordable energy which is coming from coal and also one of the reasons they are able to locate there.

But you also need to look at their manufacturing sector.

Colorado has some great manufacturing centers of excellence here and part of the reason you are able to have some of those areas is because you do have low-cost affordable energy.

In terms of what we could do to improve the process, I would strongly encourage you to take a look at the permitting process, because right now, our estimates that are you are looking at 10 to 12 years in the beginning of exploration saying we might want to lease this tract to when it's approved.

That's one area if you look today and you haven't had any leases that have been coming forward in the last couple of years, if you can increase or improve that time, that would definitely, I think, help the industry.

In closing, briefly, because you heard a lot from us in Gillette and I wanted to give other speakers the opportunity to speak, just keep in mind that when we are talking about the 40% effective tax rate, that that's of the coal that's being leased right now.

But if you make that not competitive, 40% of 0 is still 0.

Thank you for your time.

(Applause).

>> Liz O'Brien: Thank you.

Adam?

>> Hi, my name is Adam gimbal.

I'm an energy and proud to work for cloud peak energy for over five years now.

When I first started with cloud peak energy.

I have thought coal?

Really?

I was concerned about the safety and the image of coal, nervous about the future, but had an open mind.

Upon first starting I took mine tours.

When attending our mines, I realized right away that safety was the number one priority.

It's an absolutely safe organization.

I could see that our mines were safe and frankly world class.

It compelled me to actually work at one of our mines for a short time.

Our reclamation efforts are amazing.

I have personally seen many wildlife at our mine sites on the reclaimed land, and when I was touring myself, I couldn't tell the difference between the reclaimed land and the land that had not yet been mined.

Of the wildlife I have seen antelope, deer, bald eagles, rabbits, birds, it's amazing!

I implore any of you to visit a mine in the PRB in Wyoming and Montana.

You will be absolutely amazed at the work that they do there.

Federal coal, which is the primary coal in the PRB and is subject to these royalties, and is what we are talking about today, this is not -- the coal mines in the PRB are not your granddad's coal mines.

There's no mountain removal.

There's no forest removal, no soil erosion.

After the reclamation, the soil is better.

There's no waste bonds and sludge leaking into our waterways.

No block lung.

They are among the safest operations in the world.

Now, I want to get a little bit personal here.

I'm a young father.

I have two kids.

My daughter just turned two yesterday and this reminds me of when my daughter was born two years ago.

I was in the hospital in the middle of the night, and my wife was laboring, and I looked around the room and I was nervous.

I was scared for safety of my wife, scared for the safety of my unborn child.

And I looked at the medical officials in the room and I looked at all the medical technology in the room and I realized in this moment, it's impossible without coal.

Coal is powering this equipment, powering this stuff that keeps my family safe.

According to the EIA, coal generation accounts for 40% of net electricity generation in the United States and in Colorado, that's closer to two-thirds.

Hospitals, schools, factories where people work, air conditioning, retirement homes, street lights, these are all beneficiaries of affordable coal.

Higher royalty rates will result in higher electricity costs, which is in effect a regressive tax on the middle class and the poor communities.

This will harm mining companies and miners, high quality coal mining jobs.

According to the most current U.S. census data, Campbell county medium household income the median income was $80,000.]

That compares to the general United States which was around $50,000 a year.

These great jobs.

America is already receiving the benefits of federal coal in the form of reliable and affordable electricity.

Thank you.

(Applause).

>> Liz O'Brien: Thank you.

>> Good afternoon.

My name is Barry Ingall.

I'm the superior vice president of generation for transmission.

A consumer owned not-for-profit electric wholesale power provider to 44 rural electric cooperatives throughout Wyoming, Montana, and New Mexico.

We serve 1.5 million consumers primarily in the rural area of those states.

We also own and operate the Colorado mine which has long-term federal coal leases with the BLM, the Colorado mine has approximately half of those royalty revenues returning to the state of Colorado and local communities.

This discussion regarding an increase in the federal coal royalty rate is nothing more than a continued effort to discourage coal as an affordable and reliable source of power generation.

Of the impact to our members will be significant.

Not for profit cooperatives like Tri-State include any increases in royalty rates, fees or taxes in the electric rates that we charge to our members.

And we serve some of the most economically depressed communities in the region, where residents can least afford to pay higher electric rates.

We believe the current royalty rate is more than fair, and should not be increased.

When you add in the bonus bids that were paid to lease the federal coal at our Colorado mine, the effective cost of coal royalty are significantly higher than the state coal royalties.

It's more economical than other forms of generation.

We believe that if the federal coal royalty rates are increased, it will only result in decreased federal coal production resulting in less return on investment for U.S. taxpayers, less financial returns to the state and local governments and increased electricity rates to our members.

It would be a double whammy, less revenue for the taxpayer and higher electrical rates for the consumers.

Electricity rates do matter, especially to our customers in rural areas.

While the administration has advocated for the reduction in coal generation.

The EPA estimates that under the clean power plan, coal will still account for approximately 30% of the country's electricity generation by 2030.

So while Tri-State will continue to invest in renewable energy and natural gas in order to provide our members with affordable and reliable electricity, we will still be reliant on coal for many years to come.

That coal can come from Federal Reserves where the American taxpayers, states and local communities benefit and there are more stringent environmental controls or it can come from other sources leaving BLM sitting on a huge source of revenue.

The only thing raising royalty rates will mean is an increase in our costs and therefore we encourage BLM to maintain the existing royalty rate or even better yet, consider reducing it.

Thank you.

[Applause]

>> Liz O'Brien: Thank you.

>> Hello, my name is Keith baker.

I'm a trustee in the town of Buena Vista, Colorado and my colleagues and I passed a resolution endorsing -- reflecting our support for revision of the royalty structure, because small mountain communities like ours and many others are seeing a lot of the externalized costs and the hidden costs of a fossil fuel-based economy and we think it's time to start transitioning to a post fossil fuel future.

We are a small area.

We are in the heart of Rockies.

We are at about 8,000 feet on the Continental Divide and things that we are seeing are decreased know pack, a higher timber line, a shorter snow season, a shorter irrigation season, shorter skiing season and all the recreational opportunities that come with that, hunting, angling and lots of other things that are dependent upon the environment.

Let me hasten to add that agriculture is a key part of our community.

The ranchers grow alfalfa to get their stock through the winter.

They depend on good stream flow for that and irrigation.

I guess every time about this year, I think about there are two key lessons that I learned in a career in public administration in the military.

In my fall quarter the freshman year, there has no such thing as a free lunch and there's the difference between price and cost.

Nobody wants to see anybody lose their job.

We all benefit from a great electrical power system in this country and, yes, a lot of it is generated with coal and a lot of my relatives have worked in power plants back in the south, we were dependent upon coal.

But coal does have a cost and we are seeing that in our small communities, we are having to deal with it.

So I encourage you to revise the royalty structure.

Revise the bonus plan, revise whatever it takes.

Be pragmatic about it.

Take the input you heard here today as the governor said a couple of times.

Get the facts.

Analyze them and then make a decision.

What we are seeing in our community, and communities like Buena Vista, in counties like Chaffee county is that we feel like we are paying a large proportion of externalized costs.

Of the benefits of relying on coal for a long time, and having that to generate the large proportion of our electricity.

So, again, I courage you to reform the royalty structure.

Close any loopholes, if there are any, and strengthen the bonding requirements to help small communities like ours.

Address the true costs.

Thank you.

(Applause).

>> Liz O'Brien: Thank you.

Chris.

>> My, folks, I'm Chris Cally.

Here representing Alta, Utah today my community's economy, and our cherished and special way of life.

By modernizing the coal royalty and the bonding structure, I believe the Bureau of Land Management and the Department of the Interior will take the right step to make sure that Alta stands a chance of surviving in the face of climate change.

Alta is a tiny down of 380 year round residents, we are 4,000 feet above Salt Lake City.

We are known for the average snowfall of 800 inches and the iconic local ski area.

Our only economic product is year round access to developed and dispersed outdoor recreation with additional limited food and lodging.

Due to the quality of the skiing we have been able to maintain a low growth limited development atmosphere that promotes and preserves natural resources as our primary attraction, while simultaneously providing stable jobs to a robust and committed local community.

In Alta, we are deeply abscessed with the weather because our economy fluctuates with the snow forecast.

When a big storm is on the horizon, skiers from around the country and the world book last-minute flights from the Salt Lake City and skiers from the city trim their work schedule to get in a few runs.

We are increasingly concerned that the weather that's fueled our small economic engine is much less reliable than it was a few decades ago.

According to meticulous local records dating back to the 1940s, we are experiencing more frequent record-breaking high temperatures during the winter season, more frequent winter snow -- winter season rainfall events and longer periods of midwinter drought.

Slopes were plastered in white snow cover, remaining brown throughout the summer.

The summer season is increasing marred by higher wildfire hazard and as I prepare this, the view of jagged peaks is obscured by thick brown smoke emanating to colossal wildfires.

Salt Lake City depends on Alta's winter snow pack to provide drinking water to a fast growing population, the region's climate predicament seems much greater.

The federal coal program doesn't take into account the growing cost of the climb a change in the royalty rate, putting those costs on to communities like mine and all of ours at a time when we are already paying the cost of climb a change in so many ways, American taxpayers deserve to be collecting a fair return on federal coal resources that contribute to climate change.

Here's the Department of Interior to incorporate the cost of climate change from impact mitigation and proactive adaptation into the return rate, tighten bonding requirements to ensure that the coal companies are responsible for restoring landscape and commit increasing revenues to helping communities like ours adapt to the changing climate.

Thank you.

(Applause).

>> Liz O'Brien: Thank you.

Okay.

Moving right along.

To the far right, Chris Crawley, Richard Reebie, Matthew Adams, Casey Smith, Chris Hanson and Wendel Koontz.

To this microphone here.

Michael Ludlow, Jerry Nedleton, Kevin Galloway, Kathleen welt and Judy Colgan.

Okay.

Richard.

>> Thank very much.

That's great.

Thank you.

Richard Reebie, I work for cloud peak energy.

I would like to speak to the secretary's request for an open and honest conversation about the federal coal leasing program.

Most groups supporting royalty and lease rate hikes here today, are on the record as opposing coal mining, period.

And groups that can't be honest about themselves can't participate in the open and honest conversation.

Endorsing these new taxes today are numerous organizations like the center fore western priorities, not independent, not priority and not western.

The wholly owned subsidiary, of arette bials, has ties to the renewable energy.

Keeping the coal in the ground is critical to safeguarding our climate, meeting international climate commitments and achieving climate protection.

The only good coal is coal left in the ground.

David Roberts, self-proclaimed climate hawk, an environmental blogger.

Keeping our coal in the ground is the only way for us to turn to clean energy.

Jeremy Nichols with wild earth.

What Jeremy said in response to someone asking about the frivolous wild earth guardians suit that could put hundreds of families in Craig Colorado out of work.

He said and these are his words, my initial response is tough shit.

Nice one, Jeremy!

These people in the front groups that they group oppose the American people getting any value from coal on BLM managed land.

The federal coal leasing program is authorized by the mineral leasing act.

That law requires and instructs the Department of Interior repeatedly to establish regulations and guidelines that ensure the maximum economic recovery of coal from public lands.

The mineral leasing act does not authorize the secretary to impose new energy taxes in the form of a carbon tax, a renewable energy promotion tax, or to turn a royalty into a sales tax.

We humbly request that you instruct the secretary to follow the law that authorizes the federal coal leasing program and to implement regulations that ensure the maximum economic recovery of coal from public lands.

Thank you very much.

(Applause)

>> Liz O'Brien: Thank you.

Matthew.

Can I just ask that you hold your applause.

I want to get as many speakers in here as we can, which is most of you.

Matthew?

>> My name is actually Casey.

I work for arch coal.

I am a geologist for arch coal.

Way tonight thank the Bureau of Land Management for hosting this listening session.

I would like to thank everyone for taking the opportunity to travel here today and for everyone's willingness to listen to the concerns of the people of Colorado.

Coal production has been in my blood line for many generations and I have seen it fuel thousands of American dreams.

Though very young in my career, I have been fortunate to work in almost every major basin, but even in my short stay in the coal industry, I have witnessed and exhausting bombardment of regulations and policies that made it more expensive to produce and utilize coal.

I witnessed the repercussions with most major coal players filing for bankruptcy and many other coal suppliers filing for bankruptcy.

You challenge the people today, actually to give you feedback on how to best carry out your responsibilities and ensure that the American taxpayers receive a fair return on the coal reserves.

Number one promote the mining of federal coal rather than suppressing the demand through more costly regulations and policies.

I already stated that many coal companies have filed for bankruptcy and many are on the verge of bankruptcy.

How could it ensure that federal coal leases are benefiting the taxpayers.

It seems like the increase in the royalty payments would only hurt the remaining operations here in Colorado.

With that being said, I ask BLM to consider lowering the royalty rate, and to make federal coal companies more competitive federal leases more compatible with private leases.

The competitive price of the market will generate more revenues from increased sales and aid in the surviving companies dwindling here in Colorado.

Number three, I ask that BLM reassess the efficiency of their coal leasing program and remove any undue relays in the leasing process that hurt the return of the taxpayers.

I also ask number four is that BLM reorganize and reconvene this royalty policy committee, and include a group represented by the public here, and also in the private sector, so that the many royalty issues can be discussed.

In conclusion, by raising the royalty percentages in today's coal markets, it will ultimately suppress the demand of coal on federal leases and it's an economic trap with implications of the possible initial returns with no regards to sustainability.

New regulations and policy have already devastated many local communities who have depended on coal mining as a means of employment, and turning the local mining dollar.

I have witnessed the larger fallout of the national mining support, businesses, flattening management and removing many of their satellite offices here in Colorado.

I believe that the next fallout will be to our energy grid and result in higher energy costs and the ultimate loss in taxpayer revenue.

I do apologize if these seem harsh but many of us perceive this notion as being another attack against the mining operations and to ultimately bankrupt the industry.

I encourage those designated to listen here to gather the information, and to reach out to the people of the industry and also public interest groups that are represented here today and let's go ahead with the challenges ahead.

Thank you very much.

>> Liz O'Brien: Thank you.

(Applause)

>> My name is Matthew Adams I'm vice president of tax for cloud peak energy.

I wanted to hit on a couple of points for you today.

My colleagues before have already spoken to some of the specifics as far as the rates, as far as the expense, as far as the impact to our company which you can extrapolate across all coal companies in the U.S.

I want to reemphasize that over a third of our revenues, not our taxable income.

There are no deductions.

Over a third of our straight baseline revenues are going to taxes and royalties.

We pay when we receiver the coal, we pay when we sell the coal.

We pay property taxes, sales taxes, use taxes, several other layers of taxes on our equipment, on our people and our services.

In addition, we have the privilege to have a number of employees where we also distribute for federal, state, local income taxes.

We -- in the process continues and we make money, which we have not been over the last several years.

If the process continues and we make money, we then pay income tax to our states and the municipalities and the federal government as well.

To insinuate that we are not contributing our fair share is disingenuous.

This process, has become a farcing bantering out of misrepresentations, statements that personally is along the lines of the coal companies are using loopholes that we have side agreements and we are hiding revenue and there's tax fraud.

As a vice president of tax, of cloud peak, it's personally insulting.

As an audited public company with SEC filings that could never happen, nor would it happen with the quality of employees we have.

We are not out to hurt people.

We are not out to hurt government.

We are not out to defraud.

We are out to provide a product which is used by the American people.

There have been calls to reform to the coal process.

There have been calls from both sides of the aisle as has been said.

We welcome that dialogue.

Two years ago the royalty policy committee was disbanded.

The experts in this exact area, from the economic impacts, from the coal companies, from the NGOs would get together and talk about these issues in a cooperative manner to provide assistance, understanding and education to all parties involved.

Rather than going through that route of having experts speak and work with the government to find a manner which works we are now going into this forum and into the black box, which you will have to understand why we don't have a whole lot of trust in that lately.

I appreciate your time.

(Applause)

>> Liz O'Brien: Thank you.

>> Thank you for the opportunity to speak to you today during this listening session on the federal coal leasing program.

My name is Chris Hanson and I'm employed by Bowie resource partners.

Bowie currently operates one active mine in Colorado and three in Utah.

A significance portion of the coal that Bowie currently minds is leased from the federal government.

Because of this, these listening sessions are especially important to the 1,000 plus people we employ and the communities in which they live and raise our families.

Since there's currently not a listening session scheduled to be held in Utah, a state that enjoys low-cost electricity because approximately 80% of that power is generated by coal, I thought I would discuss how a change in the royalty rates paid on federal coal would have a significant impact on the residents and the businesses located in that state.

The federal government currently controls approximately 67% of the surface lands in the state, and the vast majority of existing coal reserves.

For that land, annually the state receives approximately $35 million under the payment in lieu of tax program or PILP.

The skyline mine located in carbon county, Utah was nearly $100 million in 2013 through the payment of payroll, taxes, royalties and purchases of supplies and services.

It would, ashame to lose these dollars by leaving the coal in the ground.

As you know, in order to obtain a federal coal lease an interested party must nominate that lease to initiate the lease by application process.

The tract nominated nor lease then must go through the time consuming and expensive analysis of NEPA analysis in EIS.

The cost of the NEPA is borne by a company interested in but not guaranteed to obtain that lease.

This is followed by the BLM offering the lease tract for sale through competitive bid and that ultimately requires the winning bidder to pay tens of millions of dollars as a bonus.

The successful bidder must still spend a significant amount of money to permit the lease, in order to mine that coal.

All of this on top of the royalties we already way.

During this and previous sessions, you have heard folks tell you that raising the royalty rate will bring citizens of this country more of their fair share.

American taxpayers are getting a fair share or a fair return on the coal.

In fact, taxpayers receive royalty payments on federal coal that is typically much higher than owners of private coal and since there's comparatively little privately opened coal in Utah, the vast majority of the coal royalty payments are benefiting us, the taxpayer.

As the cost of obtaining and mining federal coal continues to increase, regardless of the royalty rate, it becomes much less attractive for existing coal companies to mine federal coal.

The fair share to the taxpayers of royalties on federal coal that is not mined is zero.

I thank you for this opportunity.

>> Liz O'Brien: Thank.

(Applause)

Wendel.

>> Are you going to raise that for me?

>> Good afternoon.

I am Wendel Koontz from the small town of Hotchkiss, Colorado.

I'm employed by Bowie resources and have been a professional geologist for almost two decades now.

Thank you for the opportunity to speak and thank you to the men and women here who made the lights possible, the electricity possible, and the air conditioning possible today.

It is well known that coal is an abundant, practical, affordable and is irreplaceable source of our nation's electricity and energy.

We also know that with federal coal the royalty rates are well above fee coal rates and that the BLM requires huge bonus bids for any resources that may be mined.

And recently has enacted a very rigorous process with the government's own office of valuation services to make sure that a fair value is obtained on all federal coal.

It's to encourage public input in the coal leasing process and ensure the American taxpayer receives full benefit from leasing federally managed coal.

While this is a commendable enterprise this panel and the secretary need to return to the results of inspector general's report and the general accounting office's report.

This panel must also consider the question why the Department of the Interior dissolved the committee on how to maximize taxpayer value.

These range from better accounting for potential exports, and the documentation for in mine and exploration activities.

Successful producers, like Bowie, welcome these improvements as good stewards of the land.

However, nothing in the IG's report questions the royalty rates paid.

The GAO's report similarly recommends modest improvements in market valuations, control of internal BLM data and the documentation for the BLM officials to follow.

Again, there's nothing in the GAO report regarding royalty rates.

However, in April of 2014, the Department of the Interior's own royalty rate policy committee was terminated.

That committee was made up of experts in mineral valuation from several states, Native Americans, the public and industry to advise the Secretary of the Interior on mineral-related policies.

It's inconsistent that the secretary call for open and honest conversation about modernizing the federal coal program, when she dismissed the consulted body chartered to advise her on the mineral policy.

Miff recommendation for today's panel and for modernizing the federal coal program would include: Recharter the royalty policy committee to provide the secretary true technical advice and avoid politicizing this committee or this issue.

Second, streamline the publication of all notices and events in the federal register.

Third, implement the recommendation of the IG and the GAO but do not overreach.

Four, consider the effective lease, the taxes and other fees the government requires.

Additionally, I would -- thank you.

(Applause).

>> Liz O'Brien: Thank you.

Michael.

>> Good afternoon.

I'm Mike ledlow I live and work in the north fork valley of Colorado.

I worked in the coal industry for over 40 years.

Most of that in the state of Colorado.

I'm very pleased that the BLM and the Secretary of Interior are having these listening sessions.

The purpose as published is to better understand how taxpayers and local communities perceive the federal government's coal program today, and how we can strengthen it for the future generations.

The coal leasing and royalty payments as I see it are fair to both the companies, the taxpayers and the federal government.

The issue that has started this review is a perception of high-priced coal exports and royalties not being paid on these high prices.

Export prices are generally quoted as the price in the vessel at the port.

Domestic prices are generally quoted as prices of sale in the railcar at the mine.

Royalties historically in the future should be based on the sales price at the mine.

The challenge at the BLM and the Department of the Interior has right now is to make a clear definition of the sales price on which royalties are paid.

Simply using the first arm's length transaction will not solve the problem.

In many cases, the first arm's length transaction is the sales point in the vessel for exports coal.

If this is the language that the BLM settles on, it will simply create a market for independent trading companies to purchase coal and export that coal and make a profit for that business.

The actual sales price to the coal companies will be lowered because the profit margin of the trading companies.

I urge the department to clearly define the sales point as a loading point at the mine and to define this sales price as being calculated without freight and without port charges.

The Department of the Interior should have policies in place that make coal competitive in the domestic and international markets, not to decrease that competitiveness.

Thank you.

(Applause).

>> Liz O'Brien: Thank you.

>> Good afternoon.

I'm Jerry Nettleton.

I live in Steamboat springs in northwest, Colorado, and work in the coal industry.

Working in this industry, I have had the privilege of working with some of the finest, most honest, and hardest working people I have ever encountered.

While I speak as an individual, I know from the stack of letters to Secretary Jewell that there are about 350 coal miners and their families in northwest Colorado who have similar concerns and comments.

When people think of Steamboat springs, they think of our beautiful mountains and the skiing and the outdoor recreation associated with our in the community.

What they neglect to realize is that the good roads which are accessible all winter, our modern hospital, our quality schools and many of the public and recreational amenities we enjoy exist because of the coal industry.

The coal mines and the coal-fueled power plants of northwest Colorado are the largest employer and the major taxpayers in our area.

We are here today because there are those who suggest that coal leasing is damaging to the environment, that the American people are not getting a reasonable return from the federal coal resources, and that the federal coal leases are not competitive, and that mining companies employ loopholes to take advantage of the system.

I would challenge those who raise these questions to look at their own motivations, which by their own admission are to eliminate the coal industry.

And I would challenge you as representatives of the BLM and the interior to consider reality and the facts.

Coal royalties are only part of the equation.

With the benefits to the public of coal leasing including, bonus bid payments, production royalties, severance taxes, black lung taxes, abandoned mind reclamation funds, property taxes, sales taxes, long-term stable employment, health and other benefits, purchases of goods and services, and community involvement and charitable contributions.

In total, these public benefits often amount to substantially more on both the dollar and the percentage bases and returned to shareholders for the mining companies.

In addition, the public realizes the benefits of reliable, affordable energy from coal.

Regardless of whether there are multiple bidders for a federal coal lease, the BLM sets a fair market value, which the bidder must meet or exceed.

If we honestly and truly want to maximize the value and the benefit over our abundant coal resources, our government will support and encourage responsible coal development, including simplifying and streamlining the leasing and permitting process.

Thank you.

(Applause).

>> Liz O'Brien: Thank you.

Kevin?

>>> Hello, my name is Kevin Galloway and I appear on behalf of trapper mining incorporated.

Thank you for the opportunity to address the panel.

Trapper requests that --

>> Liz O'Brien: Could you speak into the microphone.

>> Trapper requests that the BLM reject any proposals to increase royalties on federal coal leases, and any efforts to phase out newly seen or existing leases.

The existing statutes, environmental regulations, market conditions, and other factors have already resulted in a substantial reduction in the number of coal mines, federal leases, and covered acreages.

The BLM's opaque and lengthy process for evaluating applications for new federal coal leases, including modifications of existing federal coal leases discourages the new leasing.

Mine operators spend large sums of money to explore federal coal lands adjacent to their existing mines.

And to develop mine plans as part of these applications, but have no idea how the BLM determines that fair market value to set the minimum bids and whether an economically feasible bid will ever be accepted.

The requirement to consider climate change in deciding whether to approve expansions of existing mines also discourages development of existing leases and new leasing.

Trapper encourages the BLM to also consider the historical context and reasoned development of the existing valuation regulations.

The existing methodologies well reflect and account for the historic and current circumstances at trapper and other mines while the new proposals will be difficult, if not impossible to apply in any logical, consistent, and accountable fashion.

The most significant concern in the proposed rules is incorporating the new concept of evaluating coal for royalty purposes not as coal but as electricity.

Increasing royalties or curtailing leases would not only exacerbate these trends to the detriment of the public interest, and contravene FLPMA's mandate of multiple use.

The BLM can maximize the return on investment for the American taxpayers by curtailing increasing costs, not by expanding them.

An increase in royalties deters production and deprives local communities of funding vital to many needs and survival.

This is especially true in rural western communities.

The result of increased royalties would be a drastic decrease in production, and would have ruinous impact on the rural communities that rely on the money from the mines, including Moffat county.

As well as the loss to the American people of affordable energy.

Thank you for the opportunity today to comment.

(Applause).

>> Liz O'Brien: Thank you.

Kathleen.

>> My name is Kathy wells, I'm from the north fork valley in delta county, Colorado.

I am also senior environmental engineer at mountain coal company.

I'm here not representing just myself with these statements.

I'm representing almost 800 people, 800 families, 800 that make up the community of the north fork valley that is a coal community that was built on coal, 110 years ago and is still trying to survive this onslaught against coal.

We in the north fork valley are enjoying a beautiful summer.

We have abundant water.

We have crops that are also supported by these mining jobs.

My son, Juan, says he works at the mine to support his ranching habit because the ranching just can't cut it either on federal lands.

We are being cut on every aspect.

I need to read you to the letter before I run out of time that I have been entrusted to bring to you because at 1:00 on Tuesday in Denver.

The coal mining is in western Colorado.

It took me four and a half hours to drive here to be here.

People are working.

They can't be here.

So I'm representing them.

I promised them.

It's the mission of the Department of the Interior to manage these reserves for the benefit of the American people and by all accounts this has been done effectively.

I appreciate working with the BLM over the years.

I have been working in coal for over 25 years.

In fact, the amount of funds generated by the federal coal program is remarkable when compares with other industries.

Making a change to this highly successful program will have far reaching impacts and I question the motives of the national organizations that criticize the program.

And I will interject here, our local environmental community supports us, works with us to improve our communities and we have for many, many years.

Coal mined on federal land competes every day in the marketplace with nonfederal coal and alternate fuels produced on private lands.

It's nearly certain that in today's market, that a meaningful increase in the federal coal royalty could lead to significant curtailment of Colorado coal consumption.

This scenario will not only decrease the amount of federal and state royalty receipts but could very likely drive up energy costs.

A new tax on electricity is not the answer at this time when the country is struggling to grow its economy.

An increase in the royalty rate will likely result in decrease in high-paying mine jobs and increased electricity rates.

Simply put these are outcomes that my community, my family, can't afford.

Let us be reminded that the critics in this program are going for the total discontinuation of the coal program, not for a fair share for local Colorado communities.

Change for the sake of change is not the answer.

Carefully weigh the far reaching consequences.

Thank you.

(Applause).

>> Liz O'Brien: Thank you.

>> Liz O'Brien: Just a reminder that you can leave all of your comments in a folder outside the room if you like.

Big folder!

Big folder!

Judy?

>> Thank you.

Good afternoon.

I'm Judy Colgan the executive director of the Rocky Mountain coal mining institute which is an organization that was founded in 1912.

We have eight member states, North Dakota, Montana, Wyoming, Colorado, Utah, Arizona, New Mexico and Texas.

All of these states would be negatively effected by the rate increase.

The issue here more is that it becomes a regressive tax against the coal industry.

And some people think that's great.

Let's go ahead and make the coal industry pay their fair share.

All coal mining companies want to be fair.

But we need to be treated fairly in return.

You also need to think about what this will do to other small businesses.

If you increase the electricity rates, then small businesses that have nothing to do with mining will be put out of business, because they are already struggling to make it.

If they have to pay higher electric rates, they have no choice.

They will have to close their doors.

The same thing happens with people on a fixed income.

I have an elderly mother who barely makes it now.

If her electricity bill is increased, then it becomes a hardship on all seniors, on all people who are on limited incomes.

You need to think about ski areas.

We heard some comments about that.

I love the mountains.

I consider myself an environmentalist.

I care very much about the land and what we do to restore it, to better than it was before.

However, my skiing habit is curtailed because of the cost of lift tickets now.

If you increase the electricity prices, you are going to have to increase the costs of those lift tickets, and in turn you are going to hurt the very communities that you say you are trying to protect.

So my point in all of it is, we have to be energy smart, all of us.

We have to do what's best for everyone, and that included keeping energy affordable.

Thank you.

>> Liz O'Brien: Thank you.

(Applause)

Okay.

On the far right microphone, Bob Burnham, Bonnie Peterson, ray Beck, Christine Reese and mark rober.

On this microphone here, autumn Hannah, Tom sanzillo, Adam Louise foster and Oliver young.

>> I'm Bob Burnham.

I am a semiretired mining engineer, consultant to the coal industry part time.

I'm here representing myself, but I'm also here in support of the coal industry and the electricity industry.

As far as opening comment here, since I first graduated from college, and went into underground coal mine in West Virginia, I have seen major changes the industry.

I have seen coal industry increase, I have seen good years and bad years.

I have seen great improvement in safety.

I have seen continuing reclamation was going on then, continuing improvement in reclamation, and I have watched the amount of power generated by coal go up significantly while the pollutants have gone down equally significantly.

We have had discussion here, open and honest discussion.

I think the key word here is "honest."

If you are against coal, you are against coal, but say why.

And if your objective to -- is to shut down the coal industry, don't just say we are going to -- be honest.

Price them out of business.

A comment earlier on then candidate Obama's comment on bankrupting coal plants, the second half of the quote was left out, electricity prices will skyrocket.

Okay.

Royalties.

You heard a lot of this already.

According to the natural resource agency in January of 2014, they had received royalties on 402 million tons.

The value of the production, 6.7 billion-tons.

For royalties of 704 million, that's about $1.75 average rate, about 10.5% and that will be driven by higher -- the lower royalty rates for underground coal in places such as Colorado, Utah, and New Mexico.

You add on to that, what was paid for the royalties at rent, bonus -- rent bonus payments and other fees, the federal government collected $1.2 billion.

If we look at just Wyoming, that's the biggest producer of coal.

You have heard the numbers before.

Royalties, severance taxes, ad valorem taxes, black lung and reclamation fees account to something better than 30% of the -- what they spend.

Again, as pointed out that doesn't include things like withholding taxes.

Oh, boy, that went -- thank you.

I'm sorry I didn't get through.

I will get the rest of my comments in the mail.

>> Liz O'Brien: Thank you.

Bonnie.

>> Good afternoon.

My name is Bonnie Peterson, I'm the executive director for associated governments of northwest Colorado, representing local elected officials from six counties in northwest Colorado, along with most of the municipalities located therein.

Those counties include Mesa, Moffat, Rio Blanco, Routt and delta counties.

Coal mining and coal fired power plants are an economic driver.

Mining and power plants are solid, middle class jobs providing the opportunity for those working in coal-related positions to achieve the dream of most Americans to have a home, belong to a community, raise their children in a safe environment, meet day-to-day expenses with the ability to save some dollars for a rainy day, a college education and hopefully a comfortable retirement.

This dream for thousands of people in northwest Colorado and across the country is in jeopardy of dying, giving them many, many regulations enacted over the last decade.

That served to drive coal production and youth away from our communities.

Raising royalty rates at this time without regard for the transition underway and the ever decreasing number of jobs in this tree will further cripple a cornerstone industry in the United States.

Coal royalties on federal lands are higher than the market price for coal royalties on private lands.

Besides royalties, the coal companies are required to pay bonus payments and multiple taxes on coal produced from federal lands.

The total cost is estimated at somewhere around 30 to 40% of the sales price of ex-ton of coal.

It's important to note that this is before they pay income tax if they have income.

And sales tax.

Increasing royalties will not increase the coffers of the BLM.

Indeed it will reduce them as a cost of producing the country's coal becomes prohibited.

We ask you to consider those who will not cheer, the elderly, disabled, ill, and working poor, those most vulnerable will see their electric rates become unaffordable.

How many will have to go without heat in the cruel Colorado winters.

Businesses will see rates increase to the rate of layoffs and discarded expansion plans and potential closures.

School districts will suffer significant revenue declines and the decrease in students qualifying for the free lunch program.

They ignore the fact that only 10% of electric generation currently comes from renewable sources across the U.S.

That's a far cry from the nearly 60% of electricity provided by coal in Colorado.

Coal royalties at the very least will likely lead to job losses and the elimination of solid middle class job opportunities for thousands in Colorado, as well as across the country.

There will be no increase in return for the American people.

Individuals tax burdens will increase to offset the loss of coal and we thank you for the opportunity to address our concerns and ask that you keep the coal rates unchanged.

(Applause).

>> Liz O'Brien: Thank you.

>> Good afternoon.

My name is ray Beck, mayor of Craig, Colorado, located in Moffat county.

Craig is home to coal mines and coal-fired power plant.

I'm concerned for my community.

We support on minerals to support our economy.

Don't think that Craig is an unhealthy place to live.

Moffat is home to abundant wildlife and the bluest skies you will ever see.

We are disappointed that this meeting is not being held in Colorado coal country, so those most likely to be impacted by the issues being considered here might be able to share their views.

The most threatening thing to our community is the federal government and the perpetuation of the never ending onslaught of regulations creating a perfect storm that may leave our community on life support, increasing coal royalty fees would be another blow to our struggling reasons.

You have heard the concerns by the taxation creating uncertainties and resulting in fewer coal leases.

You have heard about these matters combined with increased royalties where harm -- will harm communities and you may think these are exaggerations.

They are not.

Northwest Colorado supports four coal mines and two power plants.

Those working in the coal industry support other jobs in the communicate and what kind of jobs you might ask?

Retail businesses, restaurants, teachers, healthcare providers and the railroad industry.

Professionals like attorneys and accountants, city and county employees.

The current regulatory climate in northwest Colorado has created such an uncertainty in tour community and it's feeling the early effects of early job losses.

Businesses have put their plans on hole.

Our real estate market is slow and as it was and still is because of the worst recession in our history.

People planning to buy homes are not buying homes.

In the past year our safeway store closed after being part of the community for over 80 years.

Restaurant and retail businesses have closed as well.

All of these actions have caused local property values that have not recovered from the recession to remain flat or continue to decline.

The school district has seen sharp increases in the number of student eligible for free and reduced lunch programs.

All of this in anticipation of a loss of coal-related jobs due to the uncertainty of federal policy.

Increasing coal royalty fees will only exacerbate these conditions.

It will mean fewer jobs and likely higher electrical rates as those costs are past on to the consumer.

One has to ask the person public, does it get better -- deal better with higher royalty fees generating higher electric fees or in the American public gets a better deal for the current royalty fees and lower electric rates?

The American public probably prefers to have a choice in how they spend their hard-earned dollars.

Let's all come to the table and have an open and honest discussion, it does not start in the courts.

Thank you very much.

(Applause).

>> Liz O'Brien: Thank you.

Christine.

>> Good afternoon.

My name is Christian Reese and I'm the executive director of club 20, an organization that represents interests of businesses, individuals, local governments in the 22 counties that make up western Colorado.

We were founded in 1953 and have a diverse membership of republicans, democrats, members of the green party and independents, that number over 1100 members representing interests ranging from education to transportation, and to energy.

Our bipartisan leadership on a multitude of issues has given us credibility as the most influential voice in western Colorado.

I'm here to highlight the importance of the coal industry?

Western Colorado and the number of lives it impacts.

With the annual economic impact of 2.8 billion to Colorado's gross domestic product, Colorado's coal industry directly employed 6200 individuals and indirectly contributes more than 23,000 jobs to our region.

These individuals are highly compensated for their time, averaging over $110,000 annually in wages and benefits per employee.

In these difficult economic times, high-paying jobs in the rural communities are rare and these jobs allow families to distribute back to our local economy.

Colorado's eight coal mines all reside in western Colorado.

Each of these operations employs locals who have a commitment to protecting and preserving the land that makes their communities worth living in.

We can find no better stewards of our lands than the locals who live, hunt and recreate on them.

Coal production will always remain a part of Colorado -- of our country's energy portfolio and there's no one who will mine our coal cleaner, safer and more efficiently than our folks here at home.

Increasing royalty payments on federal coal leases will not result in the fair share of coal leases.

It will increase the overall costs to produce this energy resource.

In fact, taxpayers are currently receiving up to 40% more in federal coal royalties than owners of private coal.

Additionally federal lessees pay none recoupable bonus bids.

These bonus bids coupled with royalties and assessments on other coal producers, it may total more than 40% of the value of coal.

Currently Colorado's energy portfolio consists of 60% of energy produced by coal.

While we transition toward an energy portfolio that includes wind and solar and geothermal, I think it's important to keep in mind that we will still continue to need coal as the back bone of our energy production process because sometimes the sun doesn't shine and the wind doesn't blow.

We cannot afford to leave coal in the ground and we must work together toward a solution that leaves -- protects our communities both environmentally and economically.

Thank you.

(Applause)

>> Good afternoon.

I'm mark Robeler, county commissioner, delta county, Colorado.

Delta county is located in west central Colorado with a population of 30,000 people, or it did have 30,000 people.

It's 57% federal land and our economy is based on agriculture, coal mining and tourism.

The mines in our area have always been very innovative and have gotten many awards environmentally and as was mentioned, have worked with our environmental community very well.

If this was on the western slope, we might have some of them here to testify.

One of them has even convert and implemented converting methane to electricity.

Just a few numbers that the mines did contribute to our national state and local economies in the past year, 2014, the federal royalties was $15,861,075.

Severance tax $2,658,963.

Property tax of $4,034,076.

Payroll and benefits of $81,639,826.

Abandon mine tax, they paid $10,514,000.

Black lung tax they paid $7,000,000.62.

These are all numbers with a diminished market as well.

With employees down to 723 from a high of 2012 of 1200.

500 job losses would relate to 19,000 in the Denver metro area.

Governments for the sake of people they represent shouldn't ask for more from an industry that's already struggling.

The value of coal to the American people is not just royalty revenue.

Reliable, affordable energy has to be taken into account.

We need reliable, affordable energy to sustain our country and build a future for our heirs.

Asking for more and seeing less production doesn't mean those goals, nor put more money in the federal coffers.

0 production means 0 payments.

Our schools and communities have seen dramatic changes in the past four years.

And the downturns in production without the mark up in royalties.

Schools have lost 650 students, which is about 10% of the population.

We understand and accept market changes and commodities as an economic factor, but when markets are manipulated to pick winners and losers in the energy fields, people and our kids come out the losers.

Thank you for the opportunity to comment.

(Applause)

>> Liz O'Brien: Thank you.

>> Good afternoon.

My name is autumn Hannah I'm senior program director at taxpayers for common sense.

We promote found fiscal policy across the federal government.

Since 1995, taxpayers for common sense has actively worked to ensure that the taxpayers receive a fair return on all resources extracted or developed open federal lands and waters, including hard rock minerals oil and gas, coal, wind and solar.

According to the office of natural resources revenue an estimated $4.8 billion worth of coal was mined from federal lands in Colorado during the laugh five years.

Congress has repeatedly and expressly directed federal agencies to ensure a fair return to taxpayers for the development of this coal but the coal leasing programs had a history of problems.

In 2013, we released the study on fair market value of federal coal.

We found that a lack of transparency and accountability in the federal program is responsible for billions of dollars in taxpayer losses.

For example, by supplanting the competitive system envisioned by Congress more than 40 years ago the current lease by application or LDA system has prevented them from receiving money from the coal leasing system.

It improperly skews the lease tracts and shrouds crucial information in secrecy.

The DOI inspector general found that more than 80% of leases in the Powder River Basin had only one bidder.

This is because of the LBA system, individual companies pay a large role in delineating tracts for leasing.

It's critical that BLM accurately calculate the fair market value.

Here too BLM has had problem and limited public participation.

Before determining the fair market value, the secretariat must provide an opportunity for public comment but it's impossible to provide substantive feedback because the BLM has refused to share its valuation data or methodology.

Further final lease sale values that are under valued can be used for comparable new tracts lacking in a rolling system of under value leases and taxpayer losses.

Finally the BLM should take into consideration changes in the marketplace when calculating fair market value, since the foreign markets have doubled.

As we detailed earlier this summer, coal valuation may not truly capture the value of the taxpayer resource.

We have must use this opportunity to create a process where it collects the track.

It must make it more transparent, allow for full public transportation and consider the changing marketplace when leasing federal coal.

BLM has a fiduciary responsibility to make sure it's fully compensated for the sale of all federal leases.

The taxpayers can afford nothing less.

Thank you for the opportunity to provide comments today.

>> Liz O'Brien: Thank you.

(Applause).

>> Thank you.

My name is Tom sanzillo, I'm the director of finance for financial analysis.

This testimony is on lengthier version on a website, ieaf.org.

I'm a former auditor and I have had the privilege and honor of investing tens of billions in dollars in many other companies like the ones that are here today, all over the world.

Just 30 years ago, our federal leaders decided to flood the nation's energy markets with cheap coal from the Powder River Basin.

From a business perspective, the plan worked.

Coal took over 50% of the nation's electricity and market share, and proliferation of coal plants were built and financed mostly under state regulation.

Coal companies experienced healthy balance sheets as production and sales remained robust.

The business partnership between the Department of Interior and the coal industry in the Powder River Basin hag run its course.

The business model of the school companies in the Powder River Basin is losing market share.

It's losing revenues, it's losing investor confidence.

Coal prices have collapsed at the same time the nation's stock market has achieved important new growth benchmarks.

There's no clear business man from the Powder River Basin coal producers or any other in the United States how to orchestrate a turnaround of the coal industry short of a succession of bankruptcies and major distressed sales.

Coal markets in the United States if not the world are getting smaller, not larger.

Right now there's too much coal, too many coal companies chasing too few customer.

As important as the fair market value and the competitive bidding and all the other ones we are talking about.

The coal lease program, there's no -- this is a no growth environment and the companies mining coal in the PRB in a state of financial distress and leadership disarray and with that I mean the CEO level and the board level and some at the senior management level.

Two examples were Mr. Sloan and Mr. Reedy of that leadership disarray.

We have offered our offers.

The federal coal lease program no longer serves the benefit of the coal industry.

We are in a period of consolidation and contraction.

BLM needs to become active owner, passive ownership in the current program designed will ensure that the PRB will have bankruptcies allowing the coal companies to be in charge of federal coal leasing is a recipe of growing deficiencies.

You will not have a stable employment base without some order and discipline.

The details of our plan for active management for BLM is listed in our memo and I would be more than willing to talk with staff at some other time about it, but I'm running out of time.

Thank you.

>> Liz O'Brien: Thank you.

[Applause]

Ellen.

>> I'm Ellen firster from Shepard, Montana.

I represent myself as a rancher in the bull mountains over a federal coal deposit, at least part of it was.

Also the western organization of resource councils.

I had some recommendations to improve royalty setting and collection process, and the first is assess the size and the condition of the resource on a seam by seam appraisal.

The coal was leased in the bulls with only the intention of having the mammoth raider mined, but when the coal was traded, everything seam in the bulls was leased.

They don't know what's below the mammoth raider, but they leased it anyway.

BLM should obtain individual assessments of deposit, in addition to the material that the lessee submits.

BLM should determine if the technology exists to feasibly and economically remove a given seam.

If it doesn't, the seam should not be put up for lease.

The BLM should lease only those seams that are technologically and economically minable.

And the seam leased should be specified in the lease, because otherwise, how do you know when the lease is expired if there's coal left below the seam that's mined.

>> The coal lease should contain a special condition with the equitable obligation for the lessee to repair the damage to the surface of the lease, whether it's subsidence or other kinds of damage.

I'm interested to hear that the private coal owners are probably getting shafted in comparison to the federal government.

There was an article in the gazette last week that cloud peak has dealt with the crows for 12 to 15 cents a ton on their coal.

In 1970, consolidation coal came through our country and told my mother that at that time, the -- if you had private coal, the royalty was 17 and a half cents a ton then.

What has gone on?

I don't know.

You need to arrive at a royalty collection point that does not allow the lessee to collect most of the coal profit after the royalty payment, and in case anyone is denying, there are cases that indicate this.

Some of these recommendations would require BLM to being like it was actually doing business on the part of the public owners of the coal and they would have to spend some money to verify their resource.

As Ronald Reagan said, trust but verify.

Thank you.

(Applause).

>> Liz O'Brien: Thank you.

Eric.

>> My name is Oliver young.

I'm here as a father.

I'm a healthcare worker, professional as well, and as a concerned citizen.

I do not represent any company or organization.

Public land mining of coal accounts for 40% of the coal produced in this country.

It's produced at a relatively low cost to the coal industry.

97% of the scientific community have already agreed for years that climate change is real and caused by fossil fuel production and use.

Cheap production costs for coal helps incentivize continued expanded coal use when 46% of CO_2 production comes from coal as well as significant mercury and sulfur dioxide emission.

Coal is also known -- well known as the chief source of CO_2 production.

Those are established facts by 97% of the scientific community.

From the healthcare worker, smog of which nitrogen oxide is an agent of is proven to be damaging to lung tissue.

Mercury from coal is 50% -- is generated by the coal industry, is 50% human caused.

That mercury production is potentially damaging water and fish populations and can lead to rapid liver failure in patients.

Arsenic is also a byproduct of coal production.

None of this has been discussed today.

I want -- I ask and I'm sorry if some people gravely disagree with me on, this but I believe that coal should be kept in the ground.

I believe that we should eventually -- instead of having this discussion, we should be moving towards a phasing from coal production on public lands to utilizing that public land for renewable means and grids.

Low energy cost does not equivocate high health and welfare or climate-related costs already being felt in this country and around the world.

Incentivizing proven alternative energy technology, of which I'm a utilizer of.

I'm a private solar, small cell solar user, has been proven effective, cheap to the consumer, and effective.

This is what needs -- this is where the programmatics for energy need to be moving in this country, versus the discussion we are having right now.

Thank you.

>> Liz O'Brien: Thank you.

Eric.

(Applause)

>> Hello.

>> Liz O'Brien: Hello.

>> My name is Eric reckle, it's like freckle, but without the f.

Right now I'm president of the local Mesa county group of -- called western Colorado Congress, a five county organization, and we address issues that impact people's lives and we empower them to address those issues.

One thing I was going to talk about today is royalties.

What is all of that amount.

We talked an hour and a half about royalties.

Do you want to hear some more?

Well, I don't want to hear anymore.

I'm going to have those guys talk about royalties because they know from the talk in this room, that it's important.

So he would have to figure out how to get the royalties question answered.

My talk today then is going to be about something we haven't talked about yet.

And that is the bust/boom cycle that this whole production thing causes.

Right now we have two of them that -- we have one in Craig, I talked about a bust cycle and it's devastating the community.

We have another one, a boom/bust cycle in Paonia and that's devastating delta county.

We need some way to stabilize our economies.

I don't want bust/boom economies.

I don't want bust/boom economies.

I want the BLM to devise a plan where we have money put away to help the communities provide these bustling situations.

An example would be in Wyoming.

They have a fund -- I don't know what it's called, that accumulates from extractive industries so that when they leave or the market collapses, they have money to help that community out.

They are not left high and dry.

That's one of the worst things that's happening.

We had a bust, a horrible bust back in May of 2001, when the oil shell people left on a Sunday afternoon.

They all left.

Monday morning we had thousands of people out of work.

That affected home prices for 15 years.

Who wants a bust/boom economy?

I don't and I want the BLM to help us get past that bust/boom economy.

It's not fair to us to have that.

Thank you.

>> Liz O'Brien: Thank you.

We are going to take a five-minute break.

It's 3:04.

We will be back at 3:09.

We want to get as many speakers in as we can.

Thank you.

(Break).

>> Liz O'Brien: Could everybody take their seats, please.

Okay.

We don't have a whole lot of time.

I will start calling names for the far right microphone.

Peter satell.

Gina harden, Jeremy Nichols, Diana best, and gart bogaser.

How did I do?

That was bad, hmm?

Sorry.

Okay.

At this microphone, Milton, Jonathan, Jennifer rocola, and Joseph mice, and Kristen teldino.

Peter, are you ready?

>> Ready.

I'm reverend Peter satell, a resident of Denver and ordained minister of the united church of Christ and the executive director of eco justice ministries.

There's a theological principle that my agency stresses constantly in our work with churches, a principle that can be expressed well in secular's terms.

God creation is inherently relational.

Relation is built into the structure of the universe as we see in chemistry and physics, biology, sociology and economics, everything is in relationship with everything else.

Justice, well being and flourishing are found when those relationships are kept in balance.

We get into trouble when we pretend that some of those relationships don't matter or when we believe that we are not connected with other people, with other creatures and with the world around us and with future generations.

In this relational world, it is clear that today's discussion of the federal coal leasing program has to be about more than economics.

It is not a question of royalty rates and leasing processes.

Coal leases are tied up with a broad range of other relationships.

We have to talk about what happens when coal is mined and shipped and burned.

We have to consider the human and ecological impacts of coal far from the mine and far into the future.

I don't have time to delve into the many strands of those relationships, so I will highlight one of them, the climate impacts of burning coal.

Coal is the most carbon intensive of all fossil fuels with the strongest forcing on global warming.

Experts tell us that 80% of all fossil fuel reserves has to stay in the ground if we are to have any chance of avoiding catastrophic climate change.

A study earlier this year said that 92% of coal reserves in the United States need to be left in place if global warming is to be held within 2 degrees Celsius.

That basically means no new leases for coal should be issued ever.

That is a difficult stance and I do not advocate for it lightly.

Some communities and some industries will be hit hard and they will need a lot of help to make transitions.

But our discussions also have to address the far reaching web of relationships tied to coal.

The damage from leasing and burning more coal is far greater than the local impacts of an end to mining.

As a faith leader, and as an expert in social and environmental ethics, I call for a freeze on all new coal leasing in the United States.

(Applause)

>> Liz O'Brien: Thank you.

Gina.

Gina, you might have to pull that down a touch.

>> Oh, my goodness!

I thank you.

I'm Gina harden, we have close to 6,000 supporters in Colorado, as well as eight to ten local organizations in the front range, as well as on the western slope.

Sadly, for those most negatively impacted, change is constant.

Recently, employees of royal typewriter, and newspaper across the country have felt the drastic impact of change, and many have lost their jobs.

In the early 20th century it was wagon makers and livery employees who lost their jobs as cars replaced transportation by horses.

Now this is the coal miners who are facing the loss of their jobs.

That is tragic.

That must be addressed and a high priority manner.

However, it's not nearly as tragic as what will happen if we continue mining and burning coal.

I have not heard a single one of my friends from the coal industry address how we can continue to mine coal and meaningfully address climate change.

There is no credible scenario for this.

We must stop mining and burning coal if we are to pass on a livable world to our children and future generations.

Alternatives are available and now becoming less expensive than burning fossil fuels.

In fact, renewable energy is now coming in at lower or close to lower direct costs than fossil fuels and that is without the extremely high health, environmental and climate cost of coal.

Recent studies show that an increase in renewable energy is in contrast to what others have testified to today, not the cause of rising electric prices.

Demand for coal all over the world is decreasing.

Coal companies are filing for bankruptcy and there's some doubt that they will honor their obligations to remediate land and waterways destroyed.

Our time to make this transition is limited and critical to everything we hold dear, our families and our economy, our freedom and our security.

We must support employees of the fossil fuel industry in this critical and inevitable transition.

The only question is whether we will act in time, and to do this, we need to keep it in the ground.

Thank you.

>> Liz O'Brien: Thank you have.

(Applause)

Jeremy.

>> Gaff, my name is Jeremy Nichols with the wild earth guardians.

I understand the department is seeking input on aspects of the coal program.

I think the real reason that we are here today, however, is because of climate change and the need to ensure our coal is managed consistent with our nation's carbon reduction goals.

We face a monumental challenge with climate change.

Study after study continues affirm that the impact of added green house emissions are altering our climate, fueling extreme weather, disastrous wildfires and droughts and rising sea levels and worse.

The cost to our world and environment is immense.

The cost of carbon emissions in 2015 amounts to $117 per metric ton although studies indicate that this value should be substantially higher to put this figure in perspective, coal production overseen by the Interior Department is linked to more than 765 million metric tons of carbon annually.

The cost of these emissions to our society is nearly $90 billion.

That's why I'm here today to say that if we are truly going to have an honest conversation about the way our coal is managed, we need to be honest about carbon costs and to reverse the tide of mounting expenses we need to be honest about the need to keep our coal in the ground because if we are serious about recovering a fair return, there's simply no way we can afford no coal.

Let's crunch the numbers.

For every phone of coal burn, estimates indicate that 1 the 8 metric tons of carbon are released.

That means for every ton of coal mined we should be recouping more than $200.

Yet industry is paying and effective royalty rate of around $1.70 per ton.

Instead of paying the $90 billion we need to recover carbon costs they paid less than $700 million.

But let's get real here.

There's no way industry is going to pay back $200 for every ton of coal produced.

Right now companies sell federal coal for $15 a ton.

We are talking about a price increase that's insane.

It's belied by the simple fact that we can't buy our way out of global warming.

We need to stop carbon from being released in the first place.

That means winding down the federal coal program and ultimately putting an end to mining.

To this end, interior needs to start leading the way.]

That includes stepping up to help communities dependent on coal transition to more sustainable and prosperous economies.

We have been very clear and adamant as we keep our coal in the ground we can't leave people hanging.

Coal will go away but that doesn't mean the Interior Department turns its back on this reality.

Whether ensuring adequate jobs or ensuring communities receive financial support for economic planning, interior has a critical role to play to help our communities successfully transition.

The only way the American public truly gets a fair return is if our coal is kept in the ground.

It's time to acknowledge this and reform the federal coal program accordingly.

Thank you.

(Applause)

>> Liz O'Brien: Thank you.

Diana.

>> I think this should work.

I think it's fine.

>> Liz O'Brien: You need to get a little closer.

>> First, I want to thank you so much for this opportunity to address the critical issue of reforming our federal coal leasing program.

My name is Diana best, I'm a climate and energy campaigner with green peace U.S.

I'm happy to call Denver home.

The coal industry and many people on both sides of the aisle today have talked about the coal market situation.

The coal industry is in deep financial distress.

The Dow Jones total market coal sector index is down by 76% over the last five years.

Many financial experts agree that coal is in a structural decline now, and unlikely to ever fully rebound.

Several factors have changed the tonights for the coal industry in this country over the past several years.

Cheap natural gas, as well as tighter pollution standards have definitely contributed, however, the world is also changing.

About 17% of U.S. coal fired power plants generators will move off the grid in the next couple of years according to the Bloomberg new energy finance report.

Major international coal consumers like China are radically changing their energy mix as well.

China's demand for coal continues to decline with the June 2015 coal import data showing first six months of this year, imports were down 37.5% year on year.

At the same time, the seaborne coal market as some people have also discussed remains over supplied.

A new report by Morgan Stanley says U.S. coal exports are not economic in current global market conditions.

Finally renewable energy is becoming more and more cost competitive, as the market turns away from coal, it is very clearly turning towards renewable energy.

The Bloomberg new energy finance report also states that between now and 2040, two-thirds of money spent on adding new electrical capacity worldwide would be spent on renewables.

We are, indeed living in a radically changing energy world and like the rest of the world our relationship to our coal and public resources must also evolve.

The DOI is supposed to manage coal in the best interest of the nation, and that means in the best interest of all of us.

This administration has been vocal about the serious effects of climate change, and acknowledge that the enormous costs it will have to our nation, a cost that both current and future generations will have to bear.

Pursuing comprehensive reforms and modernizing the federal coal program must include accounting for the true cost of climate change and the valuation of our public coal resources.

Thank you.

(Applause)

>> Liz O'Brien: Thank you.

(No audio).

>> We have worked with the northern Cheyenne tribe to prevent the Auto Creek mine.

The threat is immense and dramatically amplified that it's subject to a low royalty rate and it's open to up to new coal development prior to the company's meeting the obligations for the reclamation of existing mines.

Taxpayers should not be left on the hook for the mine cleanup.

So in closing, I ask that you modernize the coal leasing program and increase the royalty rate on coal.

Examine the needs for mine reclamation prior to opening new land for development and pay heed to the needs of tribal communities that are impacted by mines.

I don't believe this is much -- too much to ask.

Those who hunt, fish and recreate on public lands, Native Americans, and all Americans simply ask that you do what is right for public lands, and the wildlife and people that utilize them which our American birth right.

Thanks.

>> Liz O'Brien: Thank you.

(Applause)

My name is Milt hetrick.

I'm a member of Sierra Club.

I'm here as my two great granddaughters.

They were born in 2013.

I'm also a retired engineer, physicist and when I do the math, using our current rate of burning fossil fuel, and our global known and probable reserves my great granddaughters will live to see the practical end of these ancient hydrocarbons.

During our lifetime it will be taking as much energy to extract these materials as we gain from bringing them out of ground.

So the transition is inevitable.

It's the question of who takes responsible and when.

Three years ago, we added roof top solar, photovoltaic system to our roof, about a -- covered about a third of our roof.

We no longer ask our utility company to burn coal or natural gas for our electrical needs.

We have a geothermal, and geothermal heat pump.

And so we exchange solar energy with the ground for all of our heating and cooling needs.

No burning is required.

>> We rely on the sun.

Coal is too valuable to burn as a source of concentrated carbon.

We need this to turn iron into steel that can be recycled indefinitely.

We need this carbon to make carbon fibers for light-weigh materials to make cars, trucks, trains and planes.

We need coal to make pharmaceuticals.

We must stop burning our coal reserves now and transition to inexhaustible energy sources such as sun, wind, and hydro.

So I urge the BLM to place a moratorium on issuing further coal leases on public lands until we learn to use this valuable resource sustainably without burning it and contributing to further climate change and creating a less habitable world for my great grandchildren.

Thank you.

>> Liz O'Brien: Thank you.

(Applause)

Jonathan.

>> My name is Jonathan orms.

I'm a scientist and Milt stole my line.

I'm here to represent our grandchildren.

I worked for NASA for about 40 years before I retired.

The view of earth from space is not good.

There's lots of evidence for global warming.

So climate change is serious.

It's a serious problem.

We must stop burning this ancient hydrocarbon fuels.

Save them for the future needs, for future generations.

Leave them in the ground.

We must slow and stop global warming.

We must do what we can to stop increasing carbon dioxide in the atmosphere and methane in the atmosphere.

I'm a member of the citizens climate lobby.

We support a revenue neutral fee on all carbon fuels in which the revenue is returned to compensate for the losses and allow the market to support our conversion to renewable energy economy.

The BLM should consider this in their thinking.

The sooner we bite this bullet, the more time we will have to adjust.

Thank you for your attention.

>> Liz O'Brien: Thank you.

(Applause)

Jennifer.

>> Hi.

My name is Jennifer Rocola.

I'm the executive director for the center for western priorities.

Cwp focuses on land and energy issues.

I'm a Colorado native and I'm privileged to call Colorado my home.

Cwp supports the Interior Department's efforts to modernize the federal coal system, to ensure that communities get their fair share from mining on our lands.

This issue is not one that can't be ignored any longer.

So thank you for visiting us this week.

I want to focus my statement on three key numbers that shine a light on glaring problems with the federal coal problem.

These three numbers will help to demonstrate the sweetheart deal that coal companies receive.

First number is 23 cents.

23 cents per ton is the average winning bid for coal leases on public lands in Colorado.

Coal companies have contended in recent weeks that they typically bid about $1 per ton but the BLM's own data shows that since 1990, only five of the 113 lease sales have garnered at least $1 per ton.

The second number is 4.9%.

4.9% is the effective royalty rate coal companies are paying to the American people for the right to extract publicly owned coal.

The effective royalty falls well below the 12.5% set by the law.

This is because of royalty rate reductions handed out by the BLM, in addition to loopholes for companies to pay a royalty on below market rates for the coal they are selling.

The final number I would like to share is 30%.

30% is the amount of electricity the energy information administration expects will come from coal through at least 2040.

Much of this coal will be for mines on U.S. public lands in Colorado, Wyoming, Montana and New Mexico.

In fact, coal companies remain bullish about their prospects on public lands, writing to investors that they expect demand from public lands to rise.

I know this is a very difficult issue but coal mining is not going away 2349 near term on our public lands.

Meanwhile, companies have found ways to pay less at our expense.

Failure to address these issues mean Coloradan and all Americans who own the land will continue to make less as coal companies make more.

Thank you.

>> Liz O'Brien: Thank you.

Joseph.

>> My name is Joe Smythe and I'm here with green peace.

The federal coal program is rightly criticized for paying a fair share to the taxpayers.

But the most troubling aspect about giving away our coal at such low prices is that it amounts to a major subsidy for coal perversely subsidizing this at the expense of cleaner forms of energy.

And while some BLM officials and coal mining executives have tried to argue that other coal reserves would be mined if federal coal were not, this excludes two key facts.

First, at 40%, federal coal dominates the market and coal competes with cleaner pieces.

Selling coal for cheap will impact the demand to coal and coal that otherwise would be left in the ground would be burned that court also specified that BLM could have quantified the climate change impacts from leased coal using the federal government's social cost of carbon figures.

Other federal agencies such as the Department of Energy and EPA use social cost of carbon figures when considering the costs and the benefits of measures that would reduce carbon pollution.

So why doesn't the Interior Department?

Because interior has so far failed to use this important tool we published a report last year that used the federal government's only costs to the 2.2 billion tons of our coal sold during the Obama administration.

We found the emissions from that coal would element to 3.9 billion that's more than the 825 million cars.

And those emissions would cause between 52 and $530 billion in damages.

Now, that's just a monetary figure that seeks to quantify just some of the climate change impacts that will result from burning that coal.

In reality, we should recognize those impacts mean devastation to people's lives and livelihoods.

Here in Colorado, we are seeing more dangerous wildfires, drought, pipe bark beetle epidemics including Rocky Mountain National Park, which your agency is responsible for protecting.

Sea level rise doesn't just affect the Everglades it poses an existential threat to entire nations hasn't that's why the president of qeribas rote for a moratorium on new coal mines and coal mine expansions.

I encourage you to use the social cost of figures of assessing the costs.

You see the revenue is tiny in comparison to the damage caused by mining and burning this coal but I would encourage you to remember that the stakes here go well beyond revenue, and lest there be any confusion, cloud peak's energy most recent 10k filing there's no requirement that the federal government must lease its coal.

Thank you.

(Applause)

>> Liz O'Brien: Thank you.

>> My name is Kristen tadonio, I'm a private citizen, representing nobody but myself.

I come from a town called Frazier, Colorado, in grand county, the epicenter of the pine beetle epidemic, and I invite you to check it out if you never had an opportunity to visit.

When I was a kid, I used to enjoy visiting my grandparent's house over in Estes park and for me, you know, the smell of the pine trees there was the smell of coming home and the Colorado that I'm in now, you know, it's hard to recognize it.

I don't smell them anymore because they are dead.

They are dying.

Everywhere I look out, out my front window, all I see is dying trees on lands that are supposed to be managed by BLM that BLM has itself admitted it can't possibly managed because there are so many miles of them.

The costs for cleaning this up is falling on private citizens who have to clean up their own trees and towns in Colorado that are starting to levy taxes to help clean up some of the mess.

That's one tiny example of this huge problem that we are facing by climate change.

An example that reminds me every day when I look out my window in Frasier and see the coal trains coming down from the Powder River Basin.

I used to work for the department of energy.

They are looking to exports as potential to save their business model and for me, I just don't see how it's possibly worth it to me as a public citizen to take my money for pennies and export it to foreign countries where they continue to burn it and it continues to burn the very land that I love.

Please consider your forms very seriously and thank you very much for your time.

(Applause)

>> Liz O'Brien: Okay, we will start with Pamela Eaton, Judith Kohler and John bing.

At this microphone, please -- I can't read it, it's either mark or Marie venner and William Wallace.

Okay.

Let's see would we have here.

I think some people have left.

Is Pat conRoy here?

>> Yes.

>> Liz O'Brien: Do you want to hop in this line over here?

Mary Richards?

Either line, it doesn't matter.

And Jeff newman Lee.

Either line.

Okay.

Off you go.

>> Thank you very much for the opportunity to be here today and for sticking it out through the afternoon.

My name is Kathy white, I'm the executive director of the Colorado fiscal institute.

CFI is a nonprofit nonpartisan organization that provides analyses of fiscal economic issues.

We work for a Colorado where responsible tax and budget policies advance equity and wide spread prosperity.

As you heard today, coal is an important resource in Colorado, and coal royalties are a vital source of revenue for state and local budgets.

The federal coal program is particularly important in Colorado, as over 70% of all coal produced in the state is mined on federal land.

And so, the federal government controls the rents, royalties, bonuses and breaks that companies receive to extract coal in our state.

Moreover, roughly 90% of the coal in Colorado is mined from underground sites that can have far reaching impacts to our state during production and well after a mine closes.

At CFI, we believe that all systems of public finance, whether taxes or royalty structures like this one, should be regularly reviewed to ensure that those systems achieve desired policy goals, respond to the changing needs of the communities, and meet the principles of sound taxation, of being transparent, fair, and adequate.

As currently structured, the federal coal royalty program lacks transparency.

Given obstacles like desperate public data sources and proprietary information, and industry self-reporting.

It's difficult for the public to evaluate whether the rates and the subsidies are effective at balancing the priorities that the department has, adequate to meet the needs of the public or fair to competing companies, local communities, and future generation.

A CFI analysis showed that over the last five years the effective coal royalty rates in Colorado averages 5.8% and we use effective meaning less deductions.

This means that even though the statutory rate for most of the coal mined in Colorado was 8%, deductions and rate reductions mechanisms that in our view operate like tax breaks or tax expenditures reduced that rate to 5.8% and tax breaks like that make it difficult for the public to access and evaluate whether those mechanisms are fair and effective.

These deductions and rate reductions mean less money for Colorado communities.

He found if mining companies it simply paid the current statutory rate of 8%, only deducting for allowable costs like transportation and processing, coal royalties would have totaled $51 million in 2014 for Colorado.

That's an increase of $15 million in royalty rates, $7 million which would have come to the state, and then been distributed to local communities and school districts for a myriad of programs and services that improve our water, our infrastructure, our health, and our quality of life.

These revenues are important in Colorado, as the federal government looks to reform the program, part of its review should be fiscal.

It should evaluate rates to meet the highest rates of public finance and they are open and accountable to the public, effective and most importantly, best serving the public good.

Thank you very much.

>> Liz O'Brien: Thank you.

(Applause)

>> My name is Pam Eaton, I'm with the wilderness society where I serve as the director of our campaign focused on reducing climate or carbon emissions from our public lands.

And over the last decade, my work has really focused on responsibly developing and seeing the public lands provide for renewable energy.

I'm also a Coloradan, and with my husband, spent much of our family time together on our public lands.

What I want to talk about is the history of the need for reform in the coal program.

Over the last 30 years, since the commission report in 1984, there have been at least 15 different calls for reform of the federal coal program, over and over again reports, including those from the government accountability office and the Department of Interior have cited deficiencies and shortcomings in the coal program.

In 1986, GAO found that BLM had lost an estimated $187 million in royalty and rental payment in an eight-year period.

In 1994, GAO found that BLM issued 36 coal, oil and gas leases to unqualified lessees.

In 2013, GOA found that the effective royalty rate for federal coal in Colorado was 5.6%, significantly below the 8% royalty rate for underground mining.

A 2012 study by the institute of energy, economics and financial analysis estimated that overall, taxpayers have been shorted $30 billion in lost revenue over the past three decades.

These are only a few of the studies illustrating the federal coal program's weaknesses including a well effective royalty rate and lack of competitive bidding, low minimum bid requirements and low reclamation bonding rates and unmanaged timing of lease offerings.

Each of these practices and others have meant that taxpayers have not received their fair share.

During the same period, the coal leasing and mining expanded under the program, Americans have come to expect more from our public lands.

More than ever we look to public lands for clean water, clean air, wild land recreation, wildlife habitat, and clean energy, quality of life and diversified rural economies.

To reform the federal coal program and bring it into the 21st century we urge the department to take the following steps now first increase the royalty rate a minimum bid for surface mined coal.

Second, assess royalties by accounting for the value of coal at the point of end use.

Third require mitigation for the full range of reasonable, foreseeable, local, regional and other impacts of coal leasing.

Fourth ensure proper reclamation of mine land, including adequate bonding and lastly calculate for the federal coal land decision.

>> Liz O'Brien: Thank.

>> Good afternoon.

My name is peg pearl and I'm senior counsel for Colorado ethics watch, a nonpartisan, watchdog organization that holds public officials and organizations accountable for unethical activities that undermine the integrity of our government in Colorado.

Ethics watch is particularly concerned whenever a public official or private company abuses public trust for private gain, especially when this results in Colorado citizens suffering the loss of funds available for public services.

We also highlight money and politics and lobbying spending by industries, so that citizens are better able to hold public officials accountable, if they put public interests over the common good.

When some coal companies use corporate subsidiaries to artificially lower royalties paid to the federal and state governments they gain an unfair advantage of the competitors and cheat the government.

We should all agree that the American people should get fair royalty payments for mining operations on public land, and companies who bend the rules should not get an unfair advantage over their competitors.

There's little doubt that the current loophole exploited by some larger coal companies is subject to the influence of money and politics and lobbying.

According to public disclosures by open seat grits.org in the 2014 election cycle, the coal mining industry spent $9.8 million on lobbying on favorable treatment.

They are a major player in campaign contributions for members of Congress, giving over $26 million in candidate contributions in the 2012 and 2014 election cycles.

The public record in the coal valuation and rulemaking includes a letter from 15 members of Congress urging the department to slow down reform efforts, a position consistent with larger coal companies that benefit from current loopholes.

Each of those legislators has received thousands of dollars of contributions from the coal industry since 2012, including all three of the Colorado delegation members who signed that letter.

Such a large checkbook wields influence in Congress.

It is hard for smaller companies and citizens who suffer the effects of lower royalty payments to be heard when big money is spent in politics and lobbying to enrich profits of large coal companies.

We hope that you take your role seriously and use this listening session to hear the voices that can't spend millions on campaign contributions or Washington lobbyists.

The BLM should ignore calls to go slow and to work to fix the coal royalty loophole, so that all coal companies pay fair market prices for using our public lands for the private profit.

Thank you.

>> Liz O'Brien: Thank you, Chris.

>> My name is Chris Hoffman.

Humanity is fighting a war against catastrophic climate destabilization.

This includes the elderly, the disabled, the working poor, the children, the unborn and everybody in this room.

Science says we need to keep at least 80% of the known reserves of fossil fuels in the ground to have any chance of survival, and this includes about 95% of U.S. coal.

So keep it in the ground!

In the ground it's already captured and stored.

The carbon is already captured and stored and sequestered at no cost to the American taxpayer.

We are at war against catastrophic environmental destabilization.

Drilling up coal is drilling holes in our battleship.

Renewables are cheaper than coal.

Keep it in the ground.

We need a moratorium on leasing to retire existing leases that are not producing.

We need to recover carbon costs through a revenue neutral fee and dividend that places an escalating or steadily rising price on carbon and returns all the revenues to the American households to protect the poor and the middle class and we need to help the affected communities in the transition.

Keep it in the ground.

(Applause).

>> Liz O'Brien: Thank you.

Judith.

>> Hi.

Thanks for the opportunity to speak.

My name is Judith Kohler and I work for the regional office of National Wildlife Federation.

Our organization has thousands of members and supporters throughout the Rocky Mountain west who are hunters, anglers, birdwatchers and enjoy our -- generally enjoy our wildlife and public lands.

My comments about the federal coal program will focus on wildlife and public lands.

There are good reasons to look at updating the federal coal program.

A major one being whether we are getting a fair return through royalties.

Americans deserve a fair return for non-renewable resources, taken from their public lands.

Another concern is that public lands disturbed by mining and related activities should be reclaimed as quickly as possible to the best condition possible.

As a life long westerner who has lived in the region for a long time, I have seen mined land returned to good shape, but what bothers me is the growing gap between land eligible to be reclaimed and actually reclamation.

I'm also concerned about new leases being approved while the amount of unreclaimed land increases.

A recent report called "Unmined Promise Part Two" shows that companies in the west are not fully recovering land to final standards.

It founded the public could be on the hook for $3 billion or more in reclamation costs if companies do not or cannot follow through.

This analysis is done by the National Wildlife Federation, Natural Resource Defense Council and Western Organization of Resources Councils.

It also found that after decades of mining, only 46 square miles out of a total of 450 square miles of disturbed land in Montana, North Dakota, and Wyoming have met the final reclamation standards.

These lands are home to important wildlife habitat, rivers and streams that are the life blood of communities, mining throughout the west takes place where some of our most iconic wildlife live, including mule deer, pronghorns and the greater sage grouse.

Maintaining the healthy wildlife populations and public lands is not only vital, it's vital to the multibillion dollars outdoor recreation economy that is driven by hunting, fishing and recreation.

It is a fundamental part of our American heritage.

We ask that you approve royalty rates that are fair and transparent and some of the revenue be used to enhance wildlife habitat and conservation of our public lands.

Thank you.

(Applause).

>> Liz O'Brien: Thank you.

Okay.

Let's go.

>> Thank you for taking comment this afternoon.

My name is Marie Venner, I'm a small business owner and a mother of two kids.

My husband and I have lived in Colorado just about our whole life.

I have also conducted over 40 research projects under the national academies for state agencies, primary infrastructure agencies like transportation.

I'm also here to provide a Catholic perspective.

As such, I want to underline the important comments made by reverend Peter satell about relationships and considering the needs of future generations.

These comments are very much in line with pope Francis' recent encyclical.

Many of us have said that 95% of the coal on public lands needs to remain in the ground, especially if it's going to be burned.

It's very important to save this coal for the needs of future generations, and to keep it out of the air now.

Since 2013, it's actually over 99.8% of all publishing climate scientists that have agreed on the cause of climate change.

Climate change is here and now and is impacting Coloradan, Americans and people around the world.

In -- since the coal needs to remain in the ground, and no new leases should be issued, the Obama administration needs to be consistent and lead the way in stopping extraction.

As it is, the Obama administration and BLM may be liable for failing to protect the public from known risks, loss of income, and future damages from climate change and coal impacts.

BLM needs to do a number of things.

Number one, it needs to recover carbon costs using the federal government's social costs of carbon protocol as has been noted today, this severely underestimates the cost of carbon.

But we should use at least that.

BLM needs to put a moratorium on leasing publicly owned coal.

Former DOI officials echo this call.

To lead the world, America needs to protect the land, not dig it up, and also we need to implement wind and solar power.

We need to retire existing coal leases that are not producing now.

And it's necessary to honestly report to the American public, President Obama should prepare an analysis of the full climate impacts of the federal coal program.

Already federal courts have reprimanded BLM and DOI for ignoring the climate impacts of coal mining.

Such an analysis is needed to sign a bright spotlight on the total carbon emissions that the department is responsible for enabling.

This transparency is critical.

Thank you.

(Applause).

>> Liz O'Brien: Thank you.

>> Hello as executive director of the mountain pact, I represent mountain communities --

>> Liz O'Brien: Could you tell us what your name?

>> Diane Matteson, executive director of mountain pact.

I represent mountain communities with outdoor recreation economies throughout the American west, and together we applaud the BLM for considering changes to the federal coal program, and for inviting feedback from the public on this important issue.

There's growing agreement that the current coal royalty rates are too low and bonding requirements too loose which is not fairly compensate taxpayers while exposing them to millions of dollars in liabilities for cleaning up mines.

We are experiencing the firsthand effects from the reduced snow pact and pine beetle epidemic and more severe wildfires, our communities and outdoor recreation economies are bearing the growing financial costs of warming temperatures and more extreme weather events.

Meanwhile, the federal government is collecting a royalty rate on coal that does not take into account these growing costs.

Carbon emissions from coal are a major contributor to climate change.

And failing to account for these costs in the federal coal leases shifts them on to taxpayers who receive a low rate on federal mineral resources.

In order to ensure a fair return to taxpayers the royalty rate on coal should incorporate costs for climate impact and mitigation and adaptation.

This is an important opportunity to reform an outdated program.

On behalf of many mountain communities that couldn't be here on a Tuesday afternoon, and as we stated in the Denver post today, we urge the Department of Interior to -- and the BLM to ensure that American taxpayers receive their fair share by closing the loopholes that allow the coal companies to avoid paying with their own royalty and tighten the bonding requirements to help ensure that companies restore the landscapes after production is over, and to invest a portion of the increased revenues into local climate resilience projects.

Thank you.

>> Liz O'Brien: Thank you.

(Applause)

>> Thank you for the opportunity to speak about the federal coal program.

I commend the secretary.

I'm David Ellenberger, regional operator for Colorado and Nebraska affiliates for the National Wildlife Federation in Denver.

The national organization with more than 6 million members and supporters, many of which are wildlife enthusiasts and watchers, hunters, anglers, teachers and general nature enthusiasts.

We are also a federation, a family of 49 state affiliate organizations of which many are in coal states and for 80 years, nearly 80 years we have been a strong voice for wildlife conservation in the U.S.

Land management resource management, energy and climate policy are all a critical importance to us, as wildlife they are too often to be impacted by the poor land management decisions and an increasingly warming world that threatens species extinction.

It's essential that the federal coal program be in sync with where this country is going towards, building a clean energy future that is oriented to sustainable conservation and managed for the long-term interest.

It's believed that the federal royal system must be modernized and rates must be increased to ensure a fair public return.

Western public lands and the federal agencies that administer them are chronical under funded as are the habitat restoration work and the species work that could use more of an invest.

According to the fish and wildlife, the outdoor recreation economy, firmly centered around our public lands involves over 2.3 million participants in fishing hunting and wildlife watching and produces $2.5 billion annually in economic activity.

The federal coal program must be consistent with the administration's climate action plan we commend and strongly support the Obama administration's bold climate initiative aimed to aggressively reduce the green house gases to levels that the scientists tell us we must.

EPA has released the clean power plan that will aggressively reduce power plant emissions and the U.S. will assume a primary roll in the upcoming UN convention in July of this year.

These climatic changes have had devastating impact in the form of drought, forest fires and extreme weather impacts.

Nationally coal-fired power plants being for more than one-third of the carbon pollution.

We cannot have a strong and viable with the federal coal program that's not sync, and especially one that gives away public resources.

It can no longer be divorced from the drive to reduce cash own emissions for the welfare of the nation and it starts by raising the fossil fuel royalty rates.

It's just as important to rework the federal coal program so that it be consistent with the climate action plan.

It's important that mineral development program be in sync with the goals and the realities of other environmental programs before opening more land.

Thank you.

>> Liz O'Brien: Thank you.

(Applause)

I'm so sorry, but at this point, the Marriott has asked us to shut down, because they have another event after this one.

I know you have all waited a long time.

I apologize.

Thank you for everybody who stuck out the day.

Ruth, can I turn it back to you?

>> Ruth Welch: Thank you all for coming.

We really appreciate hearing from you this afternoon.

It's been an invaluable discussion time, and we have taken lots of notes, and recorded our session and I know that the department and our Washington office Mike Nedd will be considering all the comments we received.

You can comment via the web and in writing.

So please feel free to do so if you did not have the opportunity to comment today.

Comment forms are out on the registration table and you may also comment via the web and that web address is in the letter, which is also on the registration table.

Anything you want to say, Mike?

>> Mike Nedd: No, again, on behalf of the many BLM and DOI employees, we want to thank you again for being a part of this discussion and as Ruth Welch said, we will be taking comments through September 17th.

We encourage you to send your comments in and the email address is in the letter.

Again, thank you all.

(Applause)

(End of session)