

Agenda

Bureau of Land Management

Coal Program Listening Sessions

Thursday, August 20, 2015
Courtyard Marriott
560 Scott Avenue
Farmington, NM 87401

1:00 p.m.	Welcome: Aden Seidlitz, Acting State Director, New Mexico
	Remarks: Neil Kornze, Director, BLM
	Introduction to the Federal coal program, Mitch Leverette, Solid Minerals Division Chief
	Ground rules for listening session: Liz O'Brien, Facilitator
	Listening session: Public participation
4:00 p.m.	Closing: BLM

All events will be live-streamed at <http://www.blm.gov/live>

Comments may be submitted through September 17, 2015

Email: blm_wo_coal_comments@blm.gov

BLM



Dear Interested Party:

This Bureau of Land Management (BLM) Federal Coal Program listening session and discussion is being held to discuss how the BLM can best carry out its responsibility to ensure that American taxpayers receive a fair return on the coal resources managed by the BLM on their behalf. The BLM is initiating this discussion in response to Secretary of the Interior Sally Jewell's call for "an honest and open conversation about modernizing the federal coal program." This conversation is important because the Government Accountability Office (GAO), the Department's Office of Inspector General (OIG), Members of Congress from both sides of the aisle, and outside groups have all raised various concerns about the Federal coal program. In the fair return context, concerns have been expressed that royalty rates are too low and that the program's processes do not reflect current market conditions or appraisal best practices, and therefore put the government at risk of not obtaining for the taxpayer full value for the use of their federal coal resources.

This discussion builds upon the BLM's recent progress. Last year, the BLM completed a comprehensive update to its Coal Evaluation Manual (MS-3073) and Coal Evaluation Handbook (H-3073-1). This updated guidance strengthens the coal valuation process that BLM uses to prepare its fair market value estimates for coal sold at lease sales. The accuracy of these estimates is critical because they often serve as a proxy for competition. In addition to improving estimation methodologies, the new guidance enhances consistency and transparency nationwide, directs exports to be considered where appropriate, and requires the Department's Office of Valuation Services to provide an independent third party review of each coal resource valuation.

We are particularly interested in discussing the following specific issues:

1. Are existing royalty rates appropriate in light of the value of the federal coal resources, the costs of their development, and the returns due to American taxpayers?
 - a. In evaluating this question, are there additional factors the BLM should consider, and how should the BLM weigh each of these factors?
 - b. Given these considerations, what royalty rate or rates is appropriate for leased federal coal resources?
 - c. Does the size of the federal coal resource base and its domestic market share require us to think differently about how we establish an appropriate royalty rate? If so, what other factors might we consider in determining an appropriate royalty rate or rate structure?
2. How might different levels of royalty rates affect:
 - a. Return to the public?
 - b. The economic viability of mining operations?
 - c. Revenues for states and communities?
 - d. Levels and locations of coal production?
 - e. Jobs and coal exports markets?
3. What are reasonable economic and market assumptions about Federal coal in the future, particularly in the West? What role might coal exports play? Do BLM's lease sale valuation and royalty policies appropriately consider exports or other market forces or economics?
4. Are there other ways in which BLM might promote greater competition in the coal leasing process?
5. Are there other aspects of the BLM coal program that should also be considered with respect to ensuring a fair return to the taxpayer, such as appraisals, leasing procedures, lease terms, bonding, cost recovery, or penalties?
6. What actions might the BLM take to address any of these issues, consistent with our existing statutory authority?

Please submit written comments to BLM_WO_Coal_Comments@blm.gov no later than September 17, 2015