ROUGHLY EDITED TRANSCRIPT

Bureau of Land Management
Coal Program Listening Session – Billings, Montana
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>> KEVIN BROOKS: My name is Kevin Brooks.
I work for the Bureau of Land Management out of our Denver office, the National Operations Center, and I'm here to help you facilitate this meeting, this whole listening session.
Our goal here is to listen to as many folks as are able to as we move into our meeting and get set up for that we're going to be setting up some microphones in these corridors and we'll call you up in the order that you signed up to speak to come up and have your turn at the microphone and we'll go over that in just a few moments.
Again, thank you all very much for being here.
We apologize for standing out in the hot sun, those that waited outdoors for a while.
Thank you for your patience.
We appreciate that.
A couple quick logistics things, I think most people saw where the bathrooms were.
If you need to use the restroom or get a drink of water, we're going to go out these doors in the back.
Restrooms will be down to your left.
Water fountains to your right.
The exit for the building is going to be this way, out towards the front, the door that you came into.
If there is a fire alarm situation, we have very loud audible alarms on the wall over here as well as a bright white flashing light that will come on if there is an alarm in the building.
So be aware of that.
Again, we'll exit out the doors and go out of the front of the building is what our goal would be to do with that.
In the event of a medical emergency, if you need some medical assistance of some sort, please let me know and we will help you out.
As you saw, we have lots of law enforcement people, there's medical training here in the

building and we will certainly be able to assist you.
Or call 911 as we need to.
Electronic devices.
We're going to ask that you turn your cell phones off, please, or at least into the no ring tone version of what that might be so that we don't have to hear your favorite ring tone.
That would be great.
As a reminder as we begin our meeting, we are being broadcast live, live streaming through the Bureau of Land Management Internet.
It's going out to the whole world today.
It's also being recorded there that you can watch our meeting later on at your leisure and catch all the information that's presented by everybody here.
So we are live on TV.
Speakers, when you come up, your image will be recorded and your voice will be recorded as we go through that process.
If you need to leave the building, leave the meeting, we're going to ask that you exit out the back doors that way, if you have to go, if you have an appointment later on, whatever, we would like to ask you to exit out that way, please.
We do have a couple chairs up here.
Guys in the back, if we want to work our way forward, there's a couple over here.
Let's try to find a seat.
We have at least one here.
We've got one here.
>> We've got three over here.
>> KEVIN BROOKS: Thank you all for helping us out.
As a reminder, this session is the first in this process of finding out more about coal royalties and the coal program in the Bureau of Land Management.
You're going to hear from some folks here in just a minute that are going to talk about the coal program as administered by the Bureau of Land Management.
Not everyone obviously signed up to speak today.
If you do have comments you would like to turn in, if you have written comments, please turn those into me.
If you're -- as you're done speaking and you would like to turn in your transcript your testimony, please do that to me and we'll make sure those are entered into the administrative record for the meeting.
We do want to capture everybody's comments.
We'll put up the Web site or an email address again that you have until September 17th to provide additional comments and we welcome any and all of those.
We'll put that email address back up at the end of the meeting and we welcome your comments.
With no further ado we'll get started and I would like to introduce the State Director for the Director for the Montana Dakotas Director of the Bureau of Land Management, Jamie Connell.
>> JAMIE CONNELL: Good afternoon, everyone.
I'm going to move up here.

For the people in the back I'm sorry I'm not taller but I think I can see most of you back there.
Like Kevin said, this is Kevin Brooks, by the way, he works here in the Montana Dakotas office.
He is part of our Internet technology team and we're pleased that he volunteered to help us out here today.
First of all, like Kevin said, I would like to thank all of you so much for being here.
I'm very pleased that we moved the meeting from across the street where the back third of the room I think we wouldn't have been able to squeeze into the facility.
So thanks for making the adjustment.
It's always a thrill for me to see people that are so interested in public lands.
It's kind of a pleasure.
You come to work every day and know that you're doing something that the mesh people, whether we agree on things or not, we know how much people care about the jobs that we have and it certainly makes it easier to stay interested in the work we have to do.
Most importantly we're here to listen like Kevin said.
But I wanted to kick often the meeting with a couple quick notes.
We do have a meeting following up in Gillette.
So if you have friends or colleagues that couldn't make it, there is a meeting in Gillette, a meeting in Denver and a meeting in farming ton, which all that information is available on the Web site.
We are here to talk about the coal program, and so if you are planning on talking about something else, there is a safety meeting across the street and an oil and gas and inspection meeting across the street.
You might want to adjust if you are in the wrong place.
I know you had many, many things to choose from to spend your day today and that you took the time to come here and meet with us we really, really do appreciate it.
As public servants, I can't speak for Al here, but between Linda and I, we have more than 60 years of public service that we've worked on, and, you know, it never ceases to amaze me how much people are willing to give up and how free you are with your comments and wanting to share that with us.
What we do is very important and we're very, very much looking forward to what you have to say today.
So, make sure I don't miss any of the details of the facilities today.
You probably know that the BLM manages 700 million acres of mineral estate in this country.
It's a huge job.
We produce more than 40% of the coal in this country, is produced off of Federal resources.
We take that responsibility very, very seriously here in the Montana Dakotas.
We have a wonderful team of experts who, unfortunately, aren't in the room today because we didn't want to take up chairs with the BLM.
They're watching in a room in the back on TV.
So they're going to be hearing what you have to say along with Linda and Al and I.
Most importantly here I would like to introduce Linda Lance.
She is our Deputy Director for the Bureau of Land Management.
Like I said she has worked in public service, has decades of experience on many, many controversial issues.

She is a wonderful, wonderful person who has been a good friend to our agency and to all of us as BLM employees.
So I'm pleased she is here visiting us in the state, and I'm looking forward to working with her on this effort for not just today but in the coming months.
So I'd like to turn it over to Linda.
>> L. LANCE: Thank you all.
Wow, I'm so happy to see you all here -- oh, it isn't on?
Okay.
Yes?
No?
Yes, okay.
So let me just say again, so you all can hear it, I'm so happy to see you all here.
We got the biggest room that we could find because we want to hear from as many of you as we can, and I hope everybody is in, but I'm afraid even may not.
Maybe there are some outside.
So hopefully everybody can cycle in and out while we're here.
This is, as everyone said, this is actually our second listening session of five.
The first one was in Washington D.C.
And it is a listening session.
So you'll be happy to know I'm going to shut up in just a couple of minutes because this is for you to talk, and we're not going to be able to answer questions and stuff today because we want to be sure we have all the possible time we can make for all of you to be heard.
And as Kevin said, this won't be the only time, and you can certainly submit written comments, but the reason we decided to do these Listening Sessions was to get as much very direct input as we could from the widest possible number of perspectives on this coal program, and I have a feeling that we might be able to do that today.
So I appreciate your taking the time so very much to be with us.
What we're trying to do here, I guess just to start by saying all of us who work at BLM, and I think I can speak for all of them on this, feel very, very privileged and honored to be able to manage this amazing Federal land portfolio on behalf of all Americans, and when I first started working on these things someone said to me, these lands are the great gift that all Americans receive at birth, and I feel that way very, very much.
And BLM's challenge is a particularly interesting one.
I think you'll all agree.
It is to find balance.
It's to balance both development and conservation.
That sounds a whole heck of a lot easier than it is, as I'm sure all of you are very aware.
Montana has about 50,000 acres under coal lease.
That production returns $45 million to the treasury, at least it did last year.
At the same time, you have some of the most pristine, cleanest water and unspoiled landscapes in the country, and you have pretty much everything else that you can possibly imagine.
So our challenge to balance the development and conservation of those resources.
I think all of us wake up every day worrying about whether we're kind of trying to move

getting it right.
So this session is a part of the effort to try to get that right.
In particular, what we're talking about in the coal program, we've heard some criticism in recent years in particular about whether we're returning a fair return to the taxpayer for when we sell this irreplaceable and incredibly valuable resource.
The general Government Accountability Office, which is an arm of the Congress, nonpartisan, the Office of Inspector General for the Department of Interior, and a number of elected officials on both sides of the aisle have said to us "You may could do this better and you need to look at it."
So that's what we're doing why now.
We have no agenda coming into this.
We're wide open for ideas, everything is on the table.
We're early in the process.
So we wanted to hear from you all first.
So we appreciate your comments on whatever related to the program you want to talk about, but what would be particularly useful to us is the taxpayer getting a fair return for this valuable resource?
What should we consider when we set royalty rates?
I think a lot of people haven't given that a lot of thought out there in sort of the world of academics and others, but you guys will have a really good feel for that, I think, what should be considered when we set royalty rates, and are we considering the right thing?
Can we make this program for transparent which will give people more confidence in how we're managing it and more consistent so that people throughout the country understand it, and how do we manage in program in light of the climate change objectives that the administration has.
So on all of those points we particularly welcome your views and yet there is a whole list of other more detailed questions on the back of your agenda.
I'm sure you all already have well in mind what you want to talk to us about.
So let me stop talking and just thank you again so much for your time and your attention to this.
The more thoughtful and substantive your comments are the more we can use them.
I can assure you that they will count and we will look -- we'll consider every one of these comments before we really start down the road of thinking about any potential changes and, of course, we'll be working with you all right along on all of that.
So let me stop.
But just to say I can't tell you how much we all appreciate your help in doing what we find to be a very difficult job and one that we're really proud and lucky to be able to do.
Let me hand it over to Al Elser, Deputy Director of our coal program, works with me in D.C., and what he has is about a 10-minute PowerPoint to set the basic facts about our coal program.
Most of you know a lot about this, but some may not.
So we wanted everybody to have kind of the same facts to work from going in.
So thanks again for all your time.
It's a pleasure to be in Montana with you.

And this is Al.
>> L. LANCE: While Al is getting set up, we did reach the maximum number here in the room which is why we were having everyone sit down was then we knew we could count.
If you have friends or colleagues who are here we have set up an overflow area out front where we have television coverage so they're able to watch it, and as people speak, if you -- if people are willing to not stay and move on, then that will make room for those individuals.
And I'll take a peek and see about how many we have out there but our hope is that everyone that arrived today will be able to participate.
So, Al?
>> AL ELSER: Thank you.
Can everybody in the back hear me all right?
I'm seeing nods so that's a good thing.
As has been mentioned this is the second in five Listening Sessions that we have scheduled right now.
Linda had mentioned this is very early in this process of taking public input and considering what we need to do to modernize the Federal Coal Program, in particular BLM's coal program, and the next three sessions that we have after Billings are coming up in Gillette on Thursday and then next week Denver, and closing things out in Farmington.
So for those viewing this via LiveStream, if you have the opportunity to make any of the remaining events I strongly encourage it.
We would love to get your comments in person.
If you can't, please do give us your comments to the BLM email site that we have set up.
It's on the LiveStream Web site.
There should be a link to it there.
It's also on the press release, which is available on our national Web site.
As Linda mentioned I'm here today to give you a brief introduction to the coal program.
I think most of the folks in this room know about Federal coal.
So I'm not going to belabor too much what it is that we do, but I do want to spend a little bit of time talking about some of the nuances of the questions that have brought us here today, those topics related to royalties and fair return to the American public.
But to kick things off, let's just -- some quick statistics for the BLM's coal program over the last 10 years.
Right now we administer 310 Federal coal leases.
Most of those are located out here in the Western U.S.
So we have some down in Oklahoma as well as out east in Appalachia, but the vast majority are out here in Wyoming, Montana, Colorado, Utah and New Mexico.
Now, those leases, the lands that are under those leases, have produced almost a little over 5 billion tons of Federal coal just since 2005, and that's at a value of over $70 billion.
Now, that production generated almost $8 billion in royalty revenue split 50%, approximately 50%, between the U.S. Treasury and the states in which that coal was produced from.
And then also in an additional -- whoops, excuse me -- an additional 4 billion in revenues from bonus bids.
I'll talk a little bit as we get down into the presentation, the difference between the royalty side of the revenue stream and the bonus bid side.

There's a nuance there that's very important to understand.
And since 2005 we've also held 39 coal lease sales.
Now, just last year, as was mentioned, about 40% of the nation's electricity was generated from coal, and 40% of that comes from Federal coal.
As I've mentioned already, the vast majority comes from out here in the Powder River Basin, about 80% -- 85% of the Federal coal production is coming from Wyoming and Montana.
These next two slides get into kind of the magnitude of what we're looking at here with the Federal Coal Program.
This shows the number of tons that have been leased in the light blue and produced over the last 10 years from Federal coal leases.
And the first thing that stands out are these pretty serious peaks and valleys in the leasing.
Leasing of Federal coal is in response entirely to industry demand.
When the industry realizes that they are at a point where they're going to start looking at their reserves running out in the next 10 years or so, typically that's when they will come to the BLM and apply for a new lease to extend the mining for their operation.
So these peaks, for instance, in 2012, that was because we had three significant coal leases in Wyoming that went to sale, and so we saw over 1.2 billion tons lease in 2012.
Conversely in 2014 we saw very little activity and again this is all a function of the timing of when an application comes in the door and how long it takes to get processed.
What's more of an indicator of what's really going on with the Federal Coal Program is production.
Again, this is just Federal production.
This isn't overall production.
But over the last 10 years, production has held pretty steady at about 400 million tons annually in Federal coal that's been produced from these leases.
The last couple of years we've started to see a drop-off.
The primary reason for that is the natural gas glut that we have right now.
There's strong competition in the market between natural gas and coal for coal-fired power plants and we've seen a number of those power plants switch from coal to natural gas, and as a result, some of that production has declined over the last couple of years, and there's other reasons as well.
This puts that into a fiscal perspective.
Again, this shows the bonus bids and the royalty collected.
Here I want to define those two terms.
A bonus bid is what an applicant, a successful applicant, will pay for the lease.
In other words, when a lease sale is held, the fair market value for that lease is determined by the BLM.
If an applicant bidder or any bidder comes in with a bid that meets or exceeds that fair market value, then they can earn the right to lease that Federal coal and produce it.
That payment is just for that right to produce it.
It's not for the actual production.
Production generates royalty revenue.
So once that coal is under lease and an operator produces that coal and sells it at market, then typically 12.5% of that sale price, depending on where it came out of, will come back to

the Federal government and to the states, again, split about 50/50 between those two.
So bonus bids you can see follow leasing trends pretty closely.
Where we've had big years of leasing we've had big years of revenue generation from bonus bids.
Again, 2012 almost 1.55 billion dollars in revenue was generated just from those three Federal coal leases in Wyoming.
Production, on the other hand, that's what generates the royalty revenue and you can see royalty revenue follows about the same trend with a little bit of an upward trend you didn't see in production primarily related to the market, the prices that are being paid for at market for that coal.
So in general you're looking at anywhere from 400 million to almost 800 million annually that is brought into the U.S. Treasury and the states just from the Federal coal production.
Now, this slide, when I gave the presentation out in Washington, was really important because we have a lot of people in the audience out there that might not understand where all of this is happening.
In this room I don't think I need to belabor this one.
The big red circle is sir king the Western states and Powder River Basin is right here.
This is where the majority of the Federal coal production is coming out of, with, of course, some coming out of the green river basin and southwestern Wyoming and parts in New Mexico.
Again, I mentioned we do have some Federal coal out in the Appalachia and Oklahoma, but, again, most of it is coming out from these Western states.
How does this all work?
When a coal operator wants to mine Federal coal, the first thing they have to do is obviously apply for that lease.
So that's what kicks off this process.
And this is a very simplified flowchart showing what that process entails, the eight major steps.
It's important because once we get past the sixth step, we bring our sister agency, OSM, office Office of Surface Mining, Reclamation and Enforcement into the picture.
Once we accept that application and everything is deemed complete, then we start the National Environmental Policy Act review or analysis and fair market evaluation.
Those are processes that can happen concurrently.
Everybody is probably familiar with NEPA, it's the work we do under the National Environmental Policy Act in order to make sure we are making an informed decision about the effects of that action.
And the fair market valuation is what the BLM does in order to make sure that we have a good understanding of the value of that lease so that when it's offered for sale we've got that bottom line of what we would accept.
And that number is held confidential so that the bidders can't come in right at that level.
We want to make sure that we're getting the best return when it comes to our bonus bids.
So assuming that the authorized officer decides to move forward with the lease sale and we've got a fair market valuation in place, we hold the sale, and if there is a qualified bidder that meets or exceeds that fair market value and we determine that at the review, there's a

number of folks on that panel to make sure we have more than one set of eyes determining whether or not the bids met or exceed that fair market value, then we can issue the lease.
We notify the operator, they post a bond, we issue the lease, and that's not the end.
That is the end of the process for the BLM when it comes to issuing the lease.
But it's the start of the process for our sister agency OSM and the states.
OSM is charged with approving the mine plan, and that mine plan includes everything that has to happen in order for reclamation to occur and bring those lands back to its original state.
So OSM has to go through the process of approving that mine plan and making sure that all of the information in the plan shows that reclamation will occur from the beginning of mining to the end of the mine life, and then once they have given their seal of approval or the state's, depending on how they have delegated that, then the operator can commence with mining.
This slide goes into a little bit more detail about that.
I'm going to belabor this one but I do want to mention one particular aspect of this and that's the top bullet point, Land Use Planning.
Going back to this one, I mentioned when an operator wants to mine Federal coal the process for them starts here.
But the process for the BLM starts long before that.
We have the responsibility to make sure that we are managing the lands according to the way that the public is expecting us to.
We have the responsibility to produce Resource Management Plans, and that is a guiding document that will tell us all of the acceptable uses for those lands within that area, and it's usually within a district or a state or field office but it's an area we have taken a very strong look at and determined what kind of activity we expect to see and what kind of activity we will allow on those lands, and coal in particular is -- it's one of those nuanced aspects of the Federal land management program where we have to determine whether or not lands are even suitable for leasing consideration before we allow an application to proceed with processing on those lands.
So even before an application comes in the door, we go through a checklist of criteria to make sure that those lands meet that criteria and we feel comfortable saying, yes, we will consider a lease application that comes in on those lands.
So that kind of brings me to the topics that we want to get your input on today, specifically related to fair return and royalty, and this is just kind of a brief overview of how those topics are handled within the Bureau of Land Management and our sister agencies.
So by statute lessees, the operators, those that hold the lease, they have to pay 12.5% on the sale price of the coal.
Now, the Secretary of the Interior has the authority to determine a lesser royalty rate for underground mining to promote development, and indeed we've got an 8% royalty rate that has been determined for the last couple decades on all underground mining.
The Secretary can also consider lease-specific or area-specific royalty rate reductions under certain circumstances, particularly when you have a case of economic hardship, you've got new information from geologic drilling or mining that we didn't have when we issued that lease that shows that perhaps it's much more difficult to mine, the quality is lower, whatever it may be that will lower the economics of that to the point where it wouldn't be economic

for the operator to recover that coal.
But for the BLM, that coal is already under lease and we don't want to see it bypassed.
So the Secretary has that authority to lower the royalty rate to encourage the development of what's already been leased.
That takes us to bonding requirements.
This has been in the news recently, and it's something we would also like to get your input on.
There are two entities involved in bonding, the Bureau of Land Management and the Office of Surface Mining.
BLM holds the coal lease bond.
We have that contract with the operator for the lease.
And that lease bond typically covers three months of royalty, one year of lease rental and remaining balance of any bonus bids.
You will notice what's absent here is any kind bond for reclamation.
That's because the Office of Surface Mining are the ones that I mentioned earlier that are charged with making sure that the mine plan shows that reclamation will occur after mining has taken place.
The OSM holds the performance bonds and lease protection bonds that will ensure that that reclamation occurs in case something happens to the operator and they can no longer pay.
Now, as Linda mentioned, there have been a couple of recent audits of the Bureau's coal program, the oil and gas in 2013 and GAO in 2014 and there were a number of recommendations that came out of those audits but specific to what we've brought you here to today, I want to focus on two areas, lease sale and royalty rate reductions.
Lease sale valuation, this is the fair market value that we were talking about.
And we've had a lot of improvements over the last year or so in how we do our fair market valuation, and all of that has been captured in our coal evaluation manual and handbook.
For those who don't know the ins and outs of how the Bureau works, manuals and handbooks are what guide us in how to do their job and do it consistently and with a -- with robust guidance throughout the entire Bureau so that we've got Colorado and Montana and Wyoming doing things all the same way so that the industry can have that assurance that they're going to know what's going on.
So coal evaluation manual and handbook captured a lot of ways that we have increased our -- excuse me -- improved upon the valuation process.
But probably the most important aspect of that, of course, is we've made it clear that exports have to be considered.
It was on here somewhere.
But any time we're valuing a product, we have to look at the market.
So if the market is going to be exporting, that has to be considered.
But the most important aspect of this is the third-party review.
Moving forward all of our fair market valuations must go through a third-party review by the office of valuation services.
So whenever we come up with a number, that fair market valuation, we approach the office of valuation services, they look at the process, make sure it's robust and defensible and once they have given it their blessing we can hold a lease sale knowing we have a strong fair market value for that resource.

Similarly for royalty rate reductions, we've made a lot of improvements in that process and probably the biggest part of that is another third-party consultation process, in this case with Office of Natural Resources Revenue.
ONRR are the ones that are charged with collecting the revenue from these leases and so when it comes to royalty rate reductions, especially in cases where the operator has claimed an economic hardship we want to make sure we ONRR's input on whether or not to move forward with the royalty rate reduction.
So many takes us to the end of this presentation but it's by no means coal in a nutshell.
This is just the tip of the iceberg.
The Federal Coal Program, even BLM's coal program, is a very complicated entity.
We've got Field Offices throughout the nation that are staffed up specifically to work on lease administration and adjudication and one of the things I didn't mention in here is inspection and enforcement.
We're charged with making sure that all of that coal that's been leased is recovered, and if it's not recovered, that there's a good reason why, for safety, for whatever it may be.
So the Bureau of Land Management has inspectors that actually go out to the mines just like we do with oil and gas to ensure that that fair return comes back to the public in the form of those royalties.
The Web site here is a little bit long and laborious.
I don't want to worry you guys about writing that one down.
Just go to our BLM's national website click on what we do in energy, and you'll see coal in there, and we've got a lot of information for you on the Federal Coal Program, my contact information is listed there, along with a number of my staff.
If you have any questions at all, please don't hesitate to give us a call, drop us an email.
We would be more than happy to talk to you.
So on that note, I'm going to turn it back over to Kevin and we can get started with the listening session.
Thank you.
>> L. LANCE: And if I could introduce two people here from the Office of Natural Resources Revenue.
They were kind enough to come all the way from Denver to hear what you have to say and maybe you want to introduce yourselves.
And as just said they play a role with us in collection of royalties and are in the process of doing some rules around that.
So we appreciate them traveling to be here and to hear from all of you.
>> Thank you, Linda.
My name is Susan Long.
>> My name is a Amy Lunt with the royalty valuation division at Office of Natural Resources Revenue.
>> KEVIN BROOKS: The air conditioner is cranked way down.
I know it's hot out there.
We apologize for that.
Thank you to Jamie, Linda and Al for those introductory remarks.
We are ready to move forward with our listening session at this point.

I would like to go over a few ground rules about that.
I'm going to -- we have two microphones set up.
We're going to call up probably five people at a time for each microphone.
We're going to ask that you queue up in line going that way.
Each person is going to have three minutes to speak.
I'm be putting up a timer that you can see as well as the audience can see and we're going to ask you to wrap up your remarks at the end of the three minutes.
If you do have written comments that you would like to turn in, please make sure you get those to me and I'll make sure that those are entered into the record.
So three minutes is our limit there, and the purpose of that is that we want to hear from as many people as we can before we run out of the -- at the end of the day.
So please limit your remarks.
We will help you do that with the timer up on the clock there -- up on the wall.
Again, if you don't -- if you're unable to finish all your comments and would like to contact the BLM in the future, we'll put up an Internet email address at the end of the meeting that will be set up just to receive your written comments in email format and we very much appreciate that.
Everybody sound okay with that?
So these microphones are going to be live for the rest of the meeting.
When your name is called, we'll do one microphone at a time and have you come up to the microphones.
We'll get our lines started up.
We'll start and finish one microphone and then go to the other one, and as we fill in there -- it's very tight to get through there, so let's please be cognizant of the stuff in the aisles and where our feet are and that sort of thing.
We apologize for the close quarters, but we're going to try to hear from as many people as we can.
As Jamie stated earlier, when you have given your comments, if you'd like to step out in the hall where it's a little cooler, out in the front of the building, you can watch the whole rest of the meeting from out there and there may be someone from out there that would like to come in.
So we're good there.
Three minutes.
We're serious about this, folks.
Everybody's understanding the three-minute concept here.
We're in good shape.
Okay.
Thank you.
I'm the guy that gets to control that.
We appreciate that.
We are fortunate today to have some folks that are representing some of our elected officials from here in Montana, and as is customary, we are going to give them the opportunity to come up and join us at the microphones for three minutes, and they can address the group and speak for their elected representative that they work for.

So as we begin our listening session, I would like to introduce Nathan Adams.
Thank you, sir.
Nathan is a field representative for our senator Steve Danes from here in Montana.
Nathan, thank you.
>> I would like to address everyone with prepared remarks from senator Steve Danes.
Thank you very much for providing me this opportunity from senator Steve Danes.
Thank you for opportunity to provide some remarks today.
I remain highly concerned about this administration' recent series of regulatory proposals that would adversely affect Montana's coal production and economy.
Coal is part of the fabric of our state and is essential to Montana's tax revenue, our schools and teachers, good-paying jobs and affordable electricity.
The potential changes in royalty rates for Federal coal leasing and proposed changes in Federal coal valuation present a complex challenge that, at the least, for coal production in Montana.
Montana is the largest recoverable coal deposit of any state in the country.
Montana families coal means good paying jobs, affordable and reliable electricity.
More than 50% of Montana's electricity comes from coal and the coal industry supports thousands of good paying jobs for Montanans including family way jobs in Indian country and union jobs for rail row workers, Boilermakers, layers, electrician and other building trades.
The electric check from these industry produces nearly 120 million in tax rev in new.
Deputy Director, increasing the value of coal to the Federal taxpayers should be done through innovation, not regulation.
If the administration is interested in increasing the value of coal to the taxpayer, then I believe the administration should help facility access to international markets for Montana and tribal coal.
Our energy exports contribute thousands of jobs to Montana's economy.
I have been working with the Army Corps of engineers to ensure the West Coast ports are approved.
This will create thousands of jobs and provide millions of dollars in tax revenue for the state of Montana.
One of my highest priorities in the Senate is working to ensure that the Army Corps of engineers does not short-circuit the review process for the gateway Pacific terminal.
This port expansion project will provide critical access to markets, especially croak coal.
And could increase the value of coal in our country another benefit of the taxpayer.
Moreover I'm concerned the administration' new rules to limit carbon emissions -- [inaudible] as much as 47% by 2030.
Nearly the highest reduction in the country.
Under the final rule construction avenue coal-fired power plant will almost be impossible and the final rule could make it difficult and costly for the coal power plant to survive.
Without the domestic markets for Federal and Indian coal where would the value of Kolb then.
I strongly urge the Department of Interior to consider the potential impacts of these policies, including changes in royalty rates to Montana's economy, family wage jobs and our schools and teachers and tribal sovereignty.

Thank you for your consideration.
>> KEVIN BROOKS: Thank you, Nathan.
[applause]
Next from the office of senator ZINKE, Randy Vogel.
Thank you, sir.
>> As everybody knows, congressmen aren't quite as long-winded as senators.
I have a letter from the Congressman here, addressed to Secretary Sally Jewell, and I will include Deputy Director Lance on that.
Here in Montana the crow nation suffers from unemployment rates as high as 50%.
Despite having over a billion dollars in coal reserves.
Similar situations play out in communities across Montana and America.
In the words of Crow tribal chairman old coyote, a war on coal is a war on Crow people, and I would include a war on Montana.
Republicans and Democrats agree we all want clean air and water and affordable power.
Thankfully advances in technology have made it possible to have both making it possible to use our vast resources of clean coal to power American homes and manufacturers and put Americans back to work.
We can't power the American economy on pixie dust and hope.
It takes innovation and investment and areas like clean coal.
Unfortunately this administration is fighting a more aggressive war against America coal than they are against ISIS.
We all know countless attempts to kill coal with regulations, cap and trade and carbon taxes.
Now the most recent is the attempt by the Department of Interior.
The DOI is planning to change how coal on Federal Lands and reservations is valued creating an unpredictable and unstable market that threatens the livelihoods of our local communities and tribes.
When oil, gas and coal resources are sold local governments receive tax revenues and royalty to help fund everything from education to infrastructure projects.
However the administration's new one-size-fits-all plan puts this funding in jeopardy, places heavier burdens on state and local governments and also stifles innovation, investment and job creation.
The national labor participation rate is the lowest it has been in the past 30 years.
Wages are stagnant, the cost of living is going up, and energy prices for home heating and manufacturing are skyrocketing.
Our communities cannot afford another Federal assault on the economy.
I've been where the union earns their paychecks and provide for families.
This is a couple hundred in Montana.
There are thousands more like them in Ken, Virginia, Pennsylvania, Wyoming and beyond.
Coal remains America's largest resource of electricity because of affordability and availability.
I urge the Department of Interior to consider the American workers and American job and reconsider the hastily drafted rule.
Thank you.
Sincerely Ryan Zinke.
[applause]

>> KEVIN BROOKS: Thank you very much to Nathan and Randy for being here today.
We appreciate your comments and representing your -- the senator and the representative.
We're going to begin the listening session.
We ask that you come up to the mic in an orderly fashion.
Please be careful walking.
There's little try pods that come down from the microphone.
Please be heads-up about that -- or heads-down would be even better.
At microphone number 1 over here and I'm going to apologize that I probably will mess up your name at some point, so I apologize for that, if you don't -- if I really mess it up, please holler out and we'll get it correct.
When you come to the microphone we're going to ask that you state your name very clearly so that we can hear that and as well as who you are representing if you have -- if you're with a certain organization or yourself or however, we would like you to state your name and who you are representing.
Starting at this microphone Dan Bucks, Jeannie Alderson, Ryan Alexander, Catherine Fitch and Eugene Wuertz.
Was I even close?
We're going to get these people started over here.
Casey Voigt, Dick Barrett, Emily Stark, Denise Hayman and Marta -- sorry, I can't read your last name.
Means?
Okay.
Means?
Okay.
Again, our apologies for the tight fit through here.
Again, each of you will have three minutes to address the audience.
The microphones are live.
You are being recorded and broadcast across the Internet as we speak.
We're going to start right here.
Sir?
>> Good afternoon.
>> KEVIN BROOKS: We're going to have to get real close to those microphones.
>> Good afternoon.
My name is Dan Bucks.
I'm a former Montana Director of revenue.
I'm speaking for myself.
I commend Secretary Jewell for initiating these sessions on Federal coal and for her leadership in managing America's resources in the public interest.
I also thank the Bureau of Land Management for hosting these sessions.
The spirit of these Listening Sessions, public openness, engagement, and accountability, is the key to solving the most vexing problems that plague the Federal Coal Program, dramatically greater transparency and public participation should be the guideposts for reform.
What should be done?
Well, first on coal leasing, the 1990 decertification of coal production regions, especially for

the Powder River Basin, was a mistake.
It effectively shut down competition among producers for -- producers for leases, ended public disclosure of lease terms that were agreed to and cut the public out of coal decision-making.
It gave virtual monopoly control to producers over coal tracts, setting the stage for decades of underpaid leases and royalties.
As much as it can, interior should reverse the 1990 decision thereby restoring competition for leases, openly disclosing lease terms, inviting the public into decision-making and creating a foundation for proper payments to the public.
Second, to ensure the fair payment of royalties to the public and Indian tribes, interior shrewd directly value coal at fair market value, considering all sales, including those for export.
Further, interior should report publicly the coal values and royalty payments paid for each lease.
The current system of corporate self-reporting opens loopholes for some producers to undervalue coal by ignoring export values, manipulating prices and inflating deductions all hidden in secret reports.
The American people own this coal.
They deserve a fair return and full reports on how that return is calculated.
Third, interior should evaluate royalty rates for change only after closing loopholes in coal valuation.
Failure to close valuation loopholes while raising rates will further incentivize the largest coal producers to exploit those loopholes and game the system at the expense of companies that play by the rules.
Equity, integrity and transparency should be the priority as interior works to ensure a fair return for Americans on their resources.
These reforms carried out with public transparency and participation will restore the public's trust that Federal coal is managed effectively for the common good of all.
>> KEVIN BROOKS: Thank you very much.
[applause]
Let's go to this microphone over here.
>> My name is -- can you hear me?
>> KEVIN BROOKS: I think we need to be real close to that microphone, please.
>> My name is Casey Voigt.
I'm a multi-generational landowner from Buehla, Montana.
I provide my family.
2014 we operated a cattle ranch on 5637 acres of mostly native rangeland.
However this year our operating is less than 5,000 acres to development of a new coal mine in the middle of our ranch.
In 2012 we found out the new mine was going to be built on our ranch.
I started asking questions about how mining would affect our creek, 15 spring fed stock ponds and I could not get straight answers.
I started doing research myself.
Talking with farmers that farm reclaimed mine land.

The reports I received on the reclaimed mine lands was productivity was very poor.
I contacted several NRCS agents and they recommended studying the biological makeup of the soil.
Currently coal mines only keep track of the chemical makeup.
The North Dakota university has done research and soil on soil health, native grasslands and reclamation however I feel there is a lot more research that needs to be done.
According to a recent headwaters economic report the delivered price on coal in North Dakota is over $17.
Yet the Federal coal royal ease in North Dakota is getting 38 cents.
Which is 2.2%.
Most coal mines in North Dakota are mine to mouth deliveries.
North Dakota has state severance tax of 46 cents per ton however most coal leases are -- that 1% did not come anywhere close to offsetting production loss to reclamation on the reclaimed land.
A tax Director explained to me North Dakota land taxes are based on property value.
When reclaimed land is less productive that devalues the property and lowers property tax.
Also less production also generates less income and lowers income tax paid causing the Federal government, state government and private landowners to all lose money.
According to the public service commission of North Dakota's records, the coal mine in McQueen county has disturbed 22,017 acres of land and only released 831 acres from bond which means only 3.8% has been released from bond in 36 years of mining.
The same mine has 51,357 permitted acres.
While only 2806 acres are considered mine area.
Which means only 5.5%. Permitted acreage is considered active.
The public service commission is supposed to promote and regulate coal mining in North Dakota yet having to promote and regulate coal mining causes conflict of interest.
Thank you for your time.
If you have any further questions or comments I would be glad to talk with you more in depth.
[applause]
>> KEVIN BROOKS: Thank you.
Kevin, I would have some stuff for you.
Back over here, please.
We're ready.
Go ahead, please.
Right close to the microphone.
>> Hello.
My name is Jeannie Alderson, ALDERSON.
I would like to start by sincerely thanking the Bureau of Land Management for holding these Listening Sessions and allowing us to voice our strong support of reforming the broken Coal Leasing Program.
I am Vice Chair of northern plains resource council and my family has owned and operated bones brothers ranch in Montana for generations.
When we talk about Federal coal, we are talking about coal, we're talking about minerals.

Just now we heard the State Director and Deputy Director and everyone refer to them as Federal Lands.
These are not lands.
These are minerals.
Most of these minerals are below private land.
That means somebody's home, somebody's ranch, somebody's business.
As I'm sure you're all aware, before Federal coal can be strip mind the people who own the surface estate need to give consent to the development of the coal under their property.
The reality that most people really need to understand is that it could have taken a business or ranch generations to put together and then a paper deal can take away that ranch in no time.
So understanding that surface owner consent is a linchpin to the people's lives who live and work above coal deposits.
Helping them inform decisions on where to build their businesses and their future knowing that their interests will be taken into consideration when managing a business with Kolbe low their feet.
However, all of this can be taken away through a gross loophole in the current program that strips consent from landowners.
If Federal coal is swapped for state or private coal which we have seen here in the state of Montana.
With the loophole -- with this loophole hard working Americans who have been responsible, done their homework and invested many times in generations in a piece of property under the assurance their property could not be taken from them by the government or a corporation without their consent can find themselves suddenly facing the loss of their homes.
When the government behaves this way it is breaking its social contract, its deal with its citizens.
Not to mention through lease modifications coal companies are allowed to add new parcels of Federal coal to existing leases, potentially condemning huge unplanned quantities of private land.
The permitting of lease modifications has expanded from at most 160 acres to up to 960 acres.
This has the potential to ruin a ranching operation.
The BLM should end these sweetheart deals by allowing landowners above Federal coal to retain the right of surface owner consent even if the Federal Kolbe neither them is swapped for state or -- state or mineral coal and returning the original intent of lease modification only added small stranded parcels of land.
Insisting landowners are protected and coal companies meet their obligations will help all of us.
Anyway, I thank you for the opportunity to speak.
I think we'll all do better, workers, everyone, if we make this fair.
It's about fairness.
[applause]
>> KEVIN BROOKS: Thank you very much.

>> Good afternoon.
I'm Dick Barrett, professor emeritus of economics and sit on the Montana taxation committee.
Thank you for the opportunity to speak today.
The determination of Federal coal royalties is an issue of the appropriate management of publicly owned resources.
As you no doubt know there is currently a lively debate across the West about the ability of the Federal government to manage resources wisely.
But it's a debate that's clouded by a lack of consensus of what wise land management actually is.
I believe that as a first step public Resource Managers should be held to the same standard as private ones, namely, that they should secure a fair and competitive return for use of resources under their control.
Failure to realize that return puts the managers in the position of subsidizing particular activities in the case of below market royalties that activity is coal production.
You will hear today arguments that such subsidies for the coal industry are justified by public returns they generate in providing jobs and stimulus to local economies.
I believe this argument is flawed for three significant reasons.
The first and most important is that an analysis by economics indicates that using net delivered prices to calculate the value of coal for royalty purposes while would it lead to a substantial increase in total royalty payments would have a very small impact on production and presumably employment by companies mining Federal coal.
The Converse is also true.
Reducing royalty values would do little to increase production in employment and lower royalty revenue.
Second the headwaters study focuses on the small loss of coal production.
It doesn't measure the positive impact out economic sectors that would follow from the expenditure of increased royalty revenue, for example, to build public infrastructure.
Finally it is important to understand that for the past three decades western regional economies have been rapidly transforming away from their dependence on natural resources.
The small changes in coal production and employment that might follow from reforms in royalty regulations can accordingly have only very minor and transitory effects on state and regional economies.
None of what I have said is to deny that the coal industry has faced hard times, chiefly from competition from natural gas, and it will make a harder times when the future when and if we make a significant effort to address carbon emissions and climate change.
It is also not to deny that workers in communities with ties to the industry will face hardships that I believe we all have a collective responsibility to reduce.
But I do not believe that the appropriate responses to subsidize coal production through royalty relief.
It won't work and be kin consistent with policy goals and it cannot replace a larger and more thoughtful discussion we need to have about the future of coal.
[applause]
>> KEVIN BROOKS: Let's come back to this microphone.

We have to be very close to the microphones.
>> My name is Ryan Alexander and I'm President of taxpayers for common sense and in that nonpartisan budget watchdog based in Washington D.C.
Our mission is to achieve a responsible Federal government that operates within its means, ensuring a fair return for taxpayer owned assets has been one of our guiding principles since we are founded 20 years ago.
At taxpayers for common sense we work to make sure taxpayers receive a fair return on all resources developed a Federal land.
We've tracked subsidies to each of these industries and emphasize the need for transparently seeing the royalty collection process.
Coal is an important natural resource, especially here in Montana.
You a cording to the Office of Natural Resources Revenue 118.5 million tons of coal were mined from Federal Lands in Montana in the last five years' worth and estimated $1.9 billion.
At the listening session in -- as you know, the Inspector General of DOI found that more than 80% of leases in the Powder River Basin in the last 20 years had only one bidder.
In 2013 we at taxpayers for common sense released a report by the lease by application and how it has contributed to the failure of the Federal Coal Program to receive fair market value for coal leases.
We found a lack of transparency and accountability is responsible for the loss of billions.
Already the LBA system individual companies play a large role in delineating the tracks for leasing.
The process results in tracts that do not result in competitive bids.
BLM must reinstitute a process where Bureau of Land Management not the coal companies select potential coal leasing tracts for public auction.
Competition is one of the best mechanism for ensuring fair market value and fair return to taxpayers.
Next the BLM should increase the royalty rate for Federal coal production to 18.75%, a rate that is consistent with Federal offshore oil and gas production and the prevailing state and private royalty rates.
It's time to update these outed policies.
And ensure fair return for any development of any taxpayer assets, including coal.
The report I mentioned earlier in detailed comments submitted to DOI with more specific recommendations can be found on our website which is WWW.taxpayer.net/coal.
We would be happy to discuss this with DOI at any time.
We urge you to be proactive.
We're long past temper change.
[applause]
>> KEVIN BROOKS: Thank you.
>> Thank you.
Is this on?
Thank you for the opportunity to speak to you today.
My name is representative Denise Hayman and I represent Bozeman, Montana.
I've spent over 14 years on the Bozeman school board and I served in the 2015 legislature.
I'm here to talk briefly about how important royalties are and a cut in subsidies to our

Montana children.
Last session we did not pass many quality bills that would benefit our children.
We did not pass pre-K.
It would give 4-year-olds a head start on learning and ultimately benefit them in the work world.
We did not pass funding for special ed inflation.
We did not pass a program schools of promise that identified four schools that students were in the most need of graduating from high school, and those are just a few of the bills that we did not pass.
Educational needs in Montana continue to grow.
Our population continues to grow.
And we need the royalties on coal to be increased so the future of our children is assured, and thank you for your time.
>> KEVIN BROOKS: Thank you.
[applause]
>> Thank you.
My name is Kate French, F-R-E-N-C-H, my last name.
I would like to thank you for coming out to Billings for this public listening session.
I came from Bozeman today as a concerned taxpayer to discuss fairness and transparency.
I came here because we are all shareholders in coal and it is not being managed appropriately.
In a fair system the public receives a royalty from the sale of coal.
The very simple concept.
Mining companies lease the coal from the people and we expect them to follow the rules of our government to repay us for those leases in turn.
But that's not the system we live under right now.
Instead, many those corporations exploit a loophole in the present loopholes that allows them to saw void paying their fair share.
Currently with the BLM leases Federal coal to a mining company the coal is mined from beneath our ranches, beneath our neighborhoods' land and near our valleys and streams and resources we cherish and need.
And it's at this point, once the coal companies have extracted publicly owned coil they exploit us.
When a mining company makes their initial sale of that publicly owned comb, a royalty is placed on that sale and money is given back to the Federal government and thereby everyone in this room.
That is a fair and adequate way to regain payment for the extraction of our resources.
But coal companies aren't playing fair, frankly.
Instead of selling our coal to the market, they sell the coal to themselves at a fraction of its actual value.
Because the initial sale is only -- the only one tracked by the BLM to receive royalties, the public receives only a fraction of the true market value.
After selling the coal to themselves at that amazingly low price the coal company is now free to sell the coal to the market where they receive the true value, and we the people who share

ownership of that coal are cheated, frankly, out of our fair share, and we are left with pennies on the dollar for a resource we funded with our taxes and this cannot continue.
We are not asking for coal companies to pay an exorbitant amount but it is unfair for coal companies to continue undervaluing public coal.
When something is broken, we stand up and fix it.
The coal royalty system right now is broken and now it is time for us to do something.
Thank you for your time.
[applause]
>> KEVIN BROOKS: Okay.
>> Hello.
My name is Marta from Missoula.
We drove from Missoula today.
I'm here to address the issue of practices that have unfairly benefited the coal companies at the expense of the taxpayers.
These practices have reduced the funds that should be received for public services, including school funding.
Coal mining companies have benefited hugely by loopholes in the 1920 Mineral Leasing Act.
The 1920 leasing act states the coal mining companies must pay a certain percentage or royalties of at least 12.5% for surface mined coal.
Instead, most coal companies have paid much less than this in royalty rates, resulting in millions of dollars lost to the U.S. taxpayers.
Remember these companies are mining on public land.
The coal companies have created loopholes by selling to companies that are called parent companies.
The coal companies -- then the parent companies for a greatly reduced price and then the loophole they have created is they then pay royalties on this decreased price by selling to this affiliated company.
Then these coal companies operating under this parent company go on and sell the coal to the end user for a much greater price.
This results in the coal companies making a lot of money that they do not pay royalties on.
There's a large amount of money or royalties the companies are not paying and the taxpayers are not receiving for their public services.
We're talking millions, even billions of dollars that have not been paid because of this loophole and other loopholes coal companies have created.
The taxpayers should receive every dollar that they are due from the natural resources that are extracted.
The Department of Interior should take a big step toward eliminating subsidies for coal by updating the existing regulations and require coal companies to apply Federal royalty on the true market price of coal.
The true market price should be at the final point of sale to an end user such as a utility or power plant.
This should be for both domestic and export sales.
In closing, I would like to say that these loopholes have advantaged the coal industry and disadvantaged cleaner sources of energy that our country greatly needs.

The President's climate action plan needs to reflect the need to eliminate the use and mining of coal and promote the use of clean energy.
Thank you.
[applause]
>> KEVIN BROOKS: Thank you.
We're going to get our next speakers queued up on microphone number 1 here which will be on this side.
Next up Laurie Bryan, Robert Bryan, Christopher Freeze, Jessica Unrue.
Am I saying that close?
And Tyler Hammond.
Are you okay with what we're doing?
>> Yes.
I'm gene Wuertz from underwood North Dakota.
I'm a member of the daiquiri source council and have been for the last 20 years.
At least.
I farm in central North Dakota adjacent to the fall creek mine as a long time multi-generational farm we have a close view of the mining in North Dakota.
I thank you for this hearing today.
The BLM is in a position to fix a broken leasing program that is currently not living up to the basic mandates of Federal law.
BLM is not a good steward of public -- of the public resource.
In North Dakota we have seen vast acres of good farmland strip mind for coal and very little of that land has been returned to the local agricultural community for production.
Many questions surround the ability of this land to produce at historic levels.
The coal mining industry in North Dakota is also allowed to self-bond the mined land with less than one out of five acres passing final bond release.
That means there's a huge reliability that our public officials are, our taxpayers and Federal agencies need to be aware of.
This once good farmland lingers for decades without final reclamation and demonstration -- or demonstration that it has worked.
This is an important reason why the royalties that come from Federal coal land mined in North Dakota are all the Moore important to our communities.
BLM is giving North Dakota mines a subsidy by slashing the royalty rate.
They justify this due to the lower quality of coal that is mined.
It does not make since.
The cost of the low BTU reflects in relative value in the marketplace.
There is no excuse for leasing lignite coal in North Dakota at the assessed 2% royalty rate.
It should be garnering 12.5%.
That costs the people of North Dakota and the nation millions.
I hope you will take these remarks in consideration and draft new rules that address this problem with North Dakota coal.
Thank you.
[applause]
>> KEVIN BROOKS: We're going queue up on microphone number 2.

I apologize again for last names.
Here we go.
>> Deputy Director and other guests, thank you for joining us here today.
My name is Emily stark, STARK, for the record.
Executive Director of plains justice and I'm also a citizen of Billings, Montana.
I'm here to talk about numbers today.
I'm concerned about the current coal royalty system being exploited to the disadvantage of the taxpayers.
The current royalty -- Federal royalty rate of 12.5% is reasonable even with the potential additional bonus royalty we learned about earlier today in the leasing process.
However, coal companies should not be able to shirk their responsibilities and game the system by selling their coal at a reduced rate to a wholly-owned subsidiary depriving taxpayers of a full and true royalty payment on a Federally owned resource.
The study by headwaters economics out of Bozeman demonstrate the average effective royalty rate being paid is around 4.9%.
That is much below the statutorily mandated 12.5%.
Additionally the proposed regulations, which comment period end that May 8, could make the problem worse.
There is still a possibility that this new rule -- as there is now in our marketplace, particularly for export.
These new regulations will allow for reductions to market price to significantly reduce the value of the coil E coal for royalty calculations purposes.
This leaves the taxpayer with little or no compensation for the resource being extracted.
Because of this, in addition to the reform that regulates these reductions to the market value for calculating royalties a floor of some sort on the royalty calculation should be imposed.
This sets a minimum dollar amount that will be recovered in the severance royalty to ensure some compensation is received when the resource is removed from Federal land and make sure there is not every a situation where it is no compensation.
This is a Federal resource and we have the -- people have the right to insist on a fair return for this coal, and anything less than that would be a failure on the part of those responsible for managing our natural resources.
In other words the Department of the Interior has a fiduciary duty to the people of the United States to be good stewards.
Please exercise these duties wisely and do not let the coal companies obfuscate the situation nor let them avoid paying for the coal they are acquiring and reselling for a profit.
Currently the price of coal is day press.
But do not let these companies scare you into compromise the value of the resource.
While domestic market is shrinking due to renewable energy pentation and heavier reliance on natural gas among other reasons the PRB coal will still remain valuable domestically for energy production.
A properly calculated royalty payment will likely have no effect on the market.
When making your decision we urge you to remember your fiduciary duty.
Thank you.
[applause]

>> KEVIN BROOKS: Thank you.
>> Hi.
I name is Lori Byron, BRON, and I live 50 miles east of here in Harden, Montana.
Welcome to eastern Montana and thank you for this opportunity.
I am concerned about Federal coal leasing both as a doctor and as a taxpayer.
As a doctor I'm well aware of the health effects related to coal that disproportionately affect the children whom I serve, all the people with asthma and all of us as older and middle aged adults who have or will have heart disease.
Today I want to address my concerns with Federal coal leasing as a taxpayer a public policy that allows mining companies to pay a deflated rate on Federal coal and then turn around and sell that coal for a higher price on the global market than the price they paid royalties on may be good business but it's not good public policy.
Good public policy is finalizing new regulations that close that loophole and get a fair royalty based on arm's length transactions.
Let me be clear I do not propose to squeeze the coal companies.
But I want us to fix the Coal Leasing Program.
It's not the BLM's job to keep the coal companies solvent.
That's the company's job.
Coal is a Federal resource we need to manage right and I want my government to enact sound public policy that closes the loopholes.
You, the current leaders of the BLM, have an exciting opportunity to set a new precedent and create a new 21st century policy worthy of the U.S. citizens, a policy for which your agency can be proud.
Thank you for planning to do this.
[applause]
>> KEVIN BROOKS: Make sure we get real close to the microphones, folks.
Thank you.
>> My name is Walter GULICK.
I'm here representing my own views as a citizen of Billings and also as a member of the Yellowstone Valley citizens council which advocates for healthy, livable and sustainable community.
To this end the YBCC works on such projects as supporting the development of local foods and advocating for cleaner air in the community.
We have also been concerned about the possible negative effects of -- on our community of increased exporting of coal to Asia.
More trains further divide our city, cause collusion and negative health impacts and pose costly traffic delays.
Funding for signaling and overpasses is expensive.
There is no legal obligation for the coal companies or railroads to contribute to the needed mitigations.
Historically neither there nor the Federal government have contributed much direct funding to the needed projects.
So one of the questions before us taxpayers is this: where does the beneficial funding come from?

The coal companies and railroads say they contribute tax monies that can be used at a community's wish.
Yes, this is the case.
A key question is, what is a fair level of taxation, which is a complicated question.
I will only address this one aspect before this group today.
The Bureau of interior in assessing -- the issue of fairness established some time ago a 12.5% royalty on strip mined coal from Federal Lands.
That is land belonging to all us U.S. citizens.
This royalty is neither a tax, nor is it new.
What is at stake in these hearings is ensuring the fairness incorporated in the 12.5% royalty is, in fact, realized and not dodged by single company bidding, lease modifications and use of sales to subsidiaries at way below real market costs.
These moves whittle the 12.5% down to a small fraction of its value.
The result of these shenanigans is to dramatically lessen the funds available to offset the negative impacts of coal mining and shipping.
The losers are many, including those owning private lands with coal resources, plus Federal, state and local governments.
But the biggest loser of all are us local taxpayers who end up footing the bill for the held costs, the wasted time at railroad crossings and other problems.
This is a classic case of corporations externalizing the cost of doing business on communities like Billings and its taxpayers and it won't help to increase more coal mining.
That just increases the problem.
The best way is going forward to try to realize the 12.5% that was -- that -- that was originally established.
[applause]
>> KEVIN BROOKS: Thank you.
>> Thank you.
My name is Robert by Ron, B-R-R-O-N.
>>> Would like to thank you for having these Listening Sessions and coming to Billings.
Like my wife Lori who spoke before me I am also a physician with a specialty in internal medicine.
While it's not completely applicable to the Federal leasing program, I would like to emphasize what she said and that is that air pollution, of which coal is a major contributors, does result in increased numbers of heart attacks and increased problems with lung disease in adults, increased attacks of asthma in children.
Whereas the BLM, that's beyond your scope at this point, it does increase the onus on us to increase the revenue taxpayers get from coal, which is the main points I wanted to make.
You acknowledged earlier that several entities have reported that BLM undervalues coal, the GAO, the Inspector General, the Department of Interior, as well as several Congressional commissions.
We just want to ensure that we get our fair share of our money from coal.
We deserve a system where companies are not allowed to shirk their royalty payments by selling coal to subsidiaries and then reselling it later at a higher price.
We deserve a system where coal leases are valued with current market dynamics, including

accounting for exports.
We also deserve a system where royalty rates are brought up to date and kept current.
BLM could easily increase royalty rate above the current 12.5%.
In a recent report boo headwaters economic showed that the royalty rate on coal could be increased with minimal disruption.
There would not likely be dramatic cuts in production or significant job loss but a higher royalty rate would net state of Montana increased revenue for public infrastructure, education and healthcare.
We need a fair share because coal mining companies don't pay their fair share we end up paying more than ours.
Thank you.
[applause]
>> Thank you for coming today, listening to us.
My name is Mary Fitzpatrick, F-I-T-Z-P-A-T-R-I-C-K.
I'm here as a taxpayer, citizen of Billings and member of the Yellowstone citizens council.
I'm here to ask the BLM to continue with this reform process and do it aggressively.
The Department of Interior has chronically undervalued our public -- the taxpayers have lost as much as $28 billion over the decades.
We need that money.
Coal consumption in the U.S. is declining and more of our coal is being sent to Asia.
This means the undervaluation of Federal coal subsidizes exports to our economic competitors in Asia.
Federal leasing needs to be done in a competitive marketplace.
BLM leases most Federal coal for less than a dollar a ton, meanwhile coal companies sell the coal at anywhere from 10 to $14 domestically, $60, which is the recent international price, and $120, which was the international price three years ago.
Minimum bids, regardless of the number of bidders, should be based on the actual value of the coal to the coal companies.
Likewise, royalties should be based on the true value of the coal in the marketplace, not on sales prices to company-owned subsidiaries.
Why should we close the loopholes?
Coal companies like all corporations will always seek to enhance their bottom line by dumping costs on the public.
Subsidies like the undervalued coal are one way this is done.
In addition, developing and operating a mine destroys water and air quality.
It also destroys the land permanently for other economic uses like agriculture and for recreation and tourism, and as wildlife habitat.
If the development and operation of a mine can overburden and degrade the infrastructure in a local community, things like roads and sewer systems, and it adds to public safety, public education and public health costs.
Even far from the mine the communities bear heavy costs because of coal.
For instance, the proposed West Coast exports -- export ports, the terminals, will significantly increase the traffic, the train traffic, through towns like Billings.
That means that coal from Wyoming and Montana will travel a thousand miles across several

states to the West Coast causing traffic delays and many other problems and in public health and public safety.
At Billings recently a few years ago had an estimate to build an overpass or underpass would cost $130 million.
That's taxpayer money unless we get the money from the coal companies.
We don't have it.
They do.
They're selling the coal.
They have it.
Bonus bids and royalty shares to states and local governments need to be high enough to protect taxpayers from these costs.
But please stop giving the coal companies the sweetheart deals.
Thank you.
[applause]
>> KEVIN BROOKS: Thank you very much.
>> My name is Christopher Freeze.
I'm land manager for the North American coal corporation.
North American coal mines and markets coal primarily for the use in power generation and employs around 2,000 people across the United States.
I want to thank you for the opportunity to speak today and although Federal coal makes up a very small percentage of the coal at our current operations, we have been leasing and mining Federal coal for decades.
I would like to discuss our experience with the Federal Coal Leasing Program.
First, about the current process as it stands now, and second, about the royalty rates and other costs involved in leasing Federal coal.
First, currently the Federal coal leasing process takes far too long and is far too costly for companies trying to obtain leases.
A leasing process that not long ago took generally two years or less now takes roughly seven to ten years.
This cumbersome process, along with extremely high costs, which I will discuss in a moment, makes leaving Federal coal behind and mining around it a more attractive option than mining it.
At our operations the fact is if the Federal coal is not mined at the same time as the private and state coal tracts adjacent to it, it will never be mined.
There will be no return realized on those Federal coal tracts in addition the current rules require companies to pay up front for all the costs and expenses the BLM and Department of Interior will incur to review a lease application.
No other coal owning entity at any of our operations has such a requirement prior to obtaining a lease.
Second, I would like to talk about royalty rates.
At our operations, Federal coal royalty rates are higher than the price paid for private and state owned coal interests.
The rates are not competitive now.
Raising them will only make mining Federal coal less competitive.

It will really have the opposite effect of what you want.
You will get no return rather than the best return.
One final point I would like to make is that at our operations we have tracts where the fed cull government owns coal but does not own 100% of the coal in those tracts.
It shares its coal ownership with private coal owners.
By stranding these tracts and not allowing them to be mined I believe the Federal government may expose itself to rye bill tea by not allowing private owners to develop and get paid for their resources.
Thank you.
[applause]
>> I'm Ellen Pfister.
Thank you for allowing we members of the public to express ourselves on this issue today.
I ranch in the Bull mountains north of shepherd, Montana.
I am a member of the northern plains resource council.
My ranch is a victim of split estate.
It overlies what used to be Federal coal, which was traded away for a penny a ton in the early 1990s.
Coal that is now -- that is Federal coal now was leased in the last several years, which adjoins me.
Today most of the coal from that mine that opened in the Bull Mountains is being exported to the orient.
Some of the best coal in Montana will be reimported to the U.S. in the form of SO2.
In the last 20 years, I have had some experience with watching the prices for Federal coal being set.
The primary descriptor of the process that comes to my mind is secrecy.
Extreme secrecy from public scrutiny in the pricing of the public's coal.
The secrecy that I have seen breeds distrust of the current process, leases are advertised publicly, but after that, the monetary dealing is all done in a black bag until the final result is announced.
In the public's eyes, abracadabra, we have a price, but, wait, even after the papers are signed by BLM and the lessee, at any time in the future if the lessee thinks it is -- it hits hard times, the fee due under the lease can be reduced.
Therefore, the price of the public's coal may not be determinable at any time.
In 1972 the prevailing wisdom was that the U.S. had 400 years of coal supply.
Today the figure is 150 or 200 years at the most.
We have mined and burned 200 years of coal supply in the last 40-plus years.
Most of which in the West has been the easy access coal.
As a custodian of the nation' coal supply, BLM has a responsibility to be careful how it handles the remainder of the public's coal supply and how it values it for the benefit of the public purse.
The thing that I wonder about with all of this is how much can we afford to sell abroad without impairing the nation's security?
And I think that is a question that BLM will have to answer when it comes to dividing the coal up.

I have more things to say but I'll just turn in my sheet.
>> KEVIN BROOKS: Okay.
Thank you.
[applause]
>> Good afternoon.
I'm Jessica Unrue and a North Dakota state senator representing district 33.
I also serve as an environmental specialist for the freedom mine.
Thank you for providing the opportunity for us to comment today.
The district I represent in the North Dakota state Senate is the home for -- to four coal mines and six coal conversion facilities providing for nearly all of the 17,000 jobs in the industry that supports North Dakota and provides affordable and dependable electricity across the Midwest.
When discussing the return to taxpayers on the country's coal resources in North Dakota, and specifically in my district, a streamlined process and competitive rates will provide a much greater public benefit of public resources by bolstering the economy.
The BLM has entrusted -- has been entrusted with not only management and conservation of public lands, but also public minerals.
In North Dakota only a small percentage, usually less than 5% of the coal mined, is Federally owned, making it a difficult business pursue whether or not to pursue an expensive resource that may be available.
This can result in leaving valuable resources in the ground because of bureaucratic red tape and uncompetitive royalty rates.
Rates can be 500 times greater than that of private leases.
This certainly doesn't meet BLM's objective and responsibility to the people of my district to ensure a fair return and to help facilitate development of Federal coal.
In 2013 the Federal coal royalties provided just over $1 million to the state of North Dakota, half of which was distributed to coal producing counties and schools with populations under 10,000.
Many of which are in my district.
These are revenues that would be lost if leasing -- if the leasing process becomes too onerous and costly for businesses to pursue.
Public resources should be developed in a responsible manner to serve the best interest of the taxpayer and utilized fully.
The coal industry in North Dakota provides $3 billion of economic activity each year and over 17,000 jobs.
It is a main economic driver, there is no doubt.
But recently continual changes in Federal processes coming from both your Department and others has made it increasingly difficult for companies to do business in an efficient manner.
North Dakota has some of the lowest electricity rates in the nation.
Increasing costs associated with producing that fuel will only hurt the consumer and will disproportionately hurt or low income families with higher electric rates.
Please consider a streamlined approach that assists in providing low cost and reliable power for homes and businesses, good paying jobs in the industry and a positive return to the taxpayers.

Not an inquisitive bureaucratic approach with red tape and moving targets.
Thank you for your time.
[applause]
>> Thank you for opportunity for input to the Bureau of Land Management as it reviews the Federal coal he leasing program.
I'm Jay Volk, environmental manager at BNI coal.
BNI started mining in the 1930s in western North Dakota and has since been a trusted partner with the Bureau of Land Management in the wise and responsible development of multiple Federal leases at the center mine.
As the BLM looks at ways to improve and strengthen the management of the Federal Coal Program many aspects need to be taken into consideration and not merely focus on one item such as royalty rates.
In instead the focus needs to be on the process itself.
The focus needs to be on the inefficiencies within if the Federal coal leasing process with regards to the lengthy times of permitting, duplication of efforts, as well as severe do that law indications across cooperating agencies which create exceptionally high costs.
It is these process inefficiencies that need to be addressed that will ultimately bring a higher value to the taxpayers through development of their minerals and not leave their assets stranded within these undeveloped mineral islands.
In the stranded resource scenario, the taxpayer will receive zero return if coal producers determine it is in their best interest to limit Federal development.
BNI controls over 600 million tons of lignite reserves, reserves very much dominated by private mineral ownerships and comingled with state and Federal minerals.
Within the 5% mineral ownership 100% of the surface is owned by the private -- by private owners.
It is this comingled private -- it is this comingled minority Federal mineral ownership that context the many efficiencies.
One of the first inefficiencies with the Federal Coal Program is a blanket most operations by the lease by application of a competitive leasing process instead of taking into consideration lease reserves, tonnages or geographical markets.
For instance, in mine operations such as North Dakota, competitive lease process by nature adds almost a year to the process as cooperating agencies do not advance their parts in the process until the lease has been issued.
Particularly in the lease recovering and protection plans as well as the OSM review process.
Another inefficiency seen relates to the addition Al burden put on coal developers where the Federal government does not own the surface but owns the minerals underneath.
In many cases the private surface is under already lease and in a permit.
These areas will be developed within the state mine plans even if the coal is not developed.
They will be used for stockpiles, ponds and other associated disturbance leaving Federal mineral behind.
Streamlining these processes, lengthy time frames, the cost that will ultimately get these minerals mined.
Thank you.
>> KEVIN BROOKS: Thank you to our speakers so far.

Behind microphone number 1, Tammy Livingston, Brian Dugas, Ryan White, Christopher Seger, Mark Fix.
Behind number 2, please, Jackie Cornell, Michael Scott, David Schwind, L.C. Wick and arena Buffalo Spirit.
Thank you.
Thank you all very much for being orderly.
[not near microphone]
>> KEVIN BROOKS: I think we have some open seats up front if we want to get a few folks in.
I think we have a few open seats up front here.
Thank you.
Folks, we're going to go ahead and have the next speakers start.
If we could give our attention please as we're moving around.
>> Hello.
Thank you for this opportunity to provide comment.
My name is Tyler Hammond and I am he on behalf of the lignite energy council based out of Bismarck, North Dakota.
The lignite energy council proudly supports the continued use of our region's vast lignite coal resources over an 800-year supply to generate low cost electricity as well as synthetic natural gas and other valuable and agricultural byproducts.
As the BLM looks at whether royalty rates need to be increased to ensure American taxpayers receive a fair return on the coal resources managed on their behalf, I would like to provide a little insight into our experience with Federal coal in North Dakota and how the process negatively impacts return on the resource.
The lignite energy council is concerned the Federal program already provides a disincentive.
Simply put we believe that the royalty rate for Federal coal should be a market based rate relative to private and other state and locally owned resources and take into consideration comparative development costs.
In the experience of the industry Federal coal reserves represent a small proportion of coal that is comingled with private and stakeholder mine area.
Despite the situation, lignite producers in North Dakota are being forced into costly multi-year processes with Federal agencies including ever moving goal posts in order to pursue the small Federal parcels.
In general it cost over 10 times the amount per acre to permit a Federal coal in North Dakota compared to the rest of the mine area.
While pursuing these Federal -- it's conceivable the company could mine around them and leave that resource in the ground.
Given the situation with lignite producers of North Dakota the Federal government is looking at a situation by which revenue will be left on the table and taxpayers shortchanged.
In response to the question how best to manage the resource, I would suggest instead of focusing on the royalty rate the BLM and cooperating agency fully analyze the leasing process and find ways to streamline and incentivize.
The taxpayer will receive zero return if coal producers determine it is in their best industry to eliminate Federal coal.
The lignite believes the BLM should uphold the statutory mandate and revise the leasing

process so instead of acting as a barrier it allows coal producers to access abundant coal reserves and continue producing low cost electricity and provides a fair market return to its owners, the taxpayer.
Thank you again.
[applause]
>> KEVIN BROOKS: Just remember --
>> Good afternoon.
My name is Randy Chrisman, public service commissioner from the state of North Dakota but speaking on my own behalf.
In addition to other more traditional regulatory responsibilities, the commission administers the state coal regulatory program.
The program is a partnership effort between the state and the U.S. Office of Surface Mining and is primarily an environmental protection program.
The lignite industry provides over 20,000 very good jobs in North Dakota and we're among only a very few states that meet state and national clean air regulations.
Thank you for the opportunity to comment to you today on your effort to ensure that American taxpayers receive a fair return on the coal resources managed by the BLM.
With only three minutes I will emphasize just one key point today.
The rate of return if the coal is not mined is zero and that is not a fair rate for the American taxpayers and it is becoming a serious problem in North Dakota.
It must be emphasized in our state the BLM's coal that's being mined today is usually in very small tracts, and they are surrounded by state or in most cases privately owned mineral tracts.
The BLM does not own the surface or control the surface above them, and my comments today are exclusively about these small tracts in North Dakota.
The reality is that even at currently leasing prices BLM coal in North Dakota is becoming less and less lucrative for mining.
The current leasing process is so long and difficult that at least one mine plan we recently approved goes around the BLM acreage.
The surface will still be disturbed in the process of mining the surrounding coal but the BLM coal will be left behind.
Other BLM tracts are also under consideration for bypassing in the state.
Once those surrounding tracts are mined, these small BLM tracts will never be feasible for mining again.
It's an opportunity that is forever lost.
It is not only the Federal government that loses the revenue.
The state of North Dakota also loses its share of that revenue, and under North Dakota law, half of the state revenue is shared with local governments so they lose, too.
I acknowledge that North Dakota's situation may be different than many other areas due to the small size of most BLM coal tracts and fact that the BLM does not own the surface, but adding financial or regulatory burdens accomplishes the following four things: local, state and Federal governments all lose money, the surface of the land is disturbed anyway, other land is disturbed to replace the lost coal, and electric rates rise because of less efficient mining.
My recommendation for ensuring the taxpayers receive a fair return on coal reserves

managed by you is to keep lease prices at a level that is not an impediment and hasten the leasing process so one-time opportunities are not lost forever.
[applause]
>> KEVIN BROOKS: Thank you.
>> My name is Tammy Livingston.
I'm here today to represent all the hard working men and women who depend on the coal mines to support their families.
I'm not just talking about employees.
I'm talking about every family in the community that depends on the revenue from the coal mines.
I have been working for cloud peak energy for the last four-and-a-half years for the first time since I -- since I became a single parent I've had to work six to seven day as week to support my two teenage kids.
Sorry.
I'm able to help with their 4H projects, take them camping or be for them and they mean everything to me.
Cloud peak energy has donated $18 million in goods and services and $250,000 for colleges in Montana.
This new tax will not only affect how much it has donated but also how much more families will have to pay for electricity.
So, in other words, this new tax will have domino effects on every family, whether they work for the coal mines or not.
I feel very blessed to have my job.
Man [inaudible] jeopardizes that.
Thank you.
[applause]
>> I'm Dave Schwind.
I work for cloud peak energy as well.
I grew up in Joliet, Montana just up the road from here.
I am an environmental energy.
I went to school?
Butte.
Now I work at Spring Creek in Decker Montana.
One thing we need to talk about is the amount of money that coal companies pay, and we do pay 12.5% in income tax -- or royalties and taxes -- is the fact that last year in 2014 Spring Creek paid $75 million in taxes to the state of Montana and the Federal government.
We made 13.6 million we put back in our checkbook.
So that's four times what we make is what we pay in taxes.
That does not include bonus payments of any kind.
>>> So when we talk about these things, they do affect a coal company.
They affect a community.
They also genuinely affect where the community is going to get financing.
So a coal company can't just pay more money and not be affected.
That's not the case.

It never will be the case.
So when taxes are raised on any portion of a coal company, it's going to hurt them.
It's going to hurt the community.
On top of that, there's already coal companies in the United States that are filing for bankruptcy.
So the more companies that are bankrupt, the less money the BLM is going to have and the Federal government and any community surrounded by them.
So thank you.
[applause]
>> Hello.
My name is Bryan Dugas from Cheyenne, Wyoming.
I'm representing myself as a realistic American citizen.
I would like to welcome myself and everyone to this beautiful region of Montana.
I hope everyone takes the opportunity whether you live or not to appreciate the clean and natural beauties, communities in the heart of our nation's largest coal producing states.
I'm a currently a fourth-year medical student there Wyoming medical program which allows myself and other Wyoming, Montana, Alaska and Idaho medical students the opportunity of a lifetime, and one of our nation's premier institutions, the University of Washington in Seattle.
University of Washington is a national leader in primary and rural medicine, which is very important in any community, but obviously more so in these states where access to care -- or is a substantial barrier to the provision of that care to all of our family and friends.
The WAMU program is made possible by the generous financial support of our state governments year in and year out.
Since the early 2,000 coal companies have paid an average of $1.5 billion annually to Federal, state and local governments.
By increasing taxes and royalties we risk coal simply becoming uneconomic, thus jeopardizing having coal to tax in the first place and ultimately zero return or a loss in the fair value to the American people a and taxpayers, not to mention the skyrocketing price of electricity that would ensue.
Almost half of today's electricity comes from coal.
Try using your iPhone, refrigerating your foot, utilizing hot watt or keeping a hospital's ICU only open three hours a day if only using renewable sources.
This is not feasible and America's need for power would ultimately result in increasing costs to the patients and taxpayers.
Where is the fair value in that?
In speaking of fair value we have mentioned a few times the fairness and transparency of market values or perhaps the lack thereof.
This number is never released let alone the company bids over that market value.
Affordable efficient energy is crucial to the continued success of America.
Coal is crucial to America.
The current return on coal to American taxpayers is not only fair, as last year in 2014 the average U.S. taxpayer made five times more than U.S. coal companies but it provides countless programs to the public, such as opportunity I have to be a physician in the state with the largest doctor shortage in the country.

I am proud to be from a state that is not only one the most would you tell full but the largest coal producer.
There are no loopholes.
We're keeping the lights on.
Thank you and God bless the United States of America.
[applause]
92 good afternoon.
Thank you for allowing us to speak today.
My name is Jackie Cornell and I'm here from Sheridan, Wyoming, representing the Best Western Sheridan center there.
I don't work in the coal industry or any energy industry whatsoever.
But our industry, the hospitality industry in Sheridan, is directly affected by whatever you decided to with coal and the royalties and the taxes.
Every job nearly in Sheridan, Wyoming is either directly or indirectly related to the coal and energy industry.
Our hotel survives in the summer months on tourism and travel.
In the winter months, 60% of our business is from the energy and the coal industry.
We survive on that.
Every job in our community depends on what happens in these mines and everything around it.
Any raise in royalties or taxes is going to adversely affect our community in a way that will take decades to recover from, if it ever does.
We have to be able to support our families.
Like Tammy said earlier, she is a single mom.
She has to support her children.
She does that because it's possible to do that where she works.
These jobs, like the Best Western, in fact, we -- we're one of the top 25 largest employers in Sheridan, county.
We employ over 100 people.
And we've been in our community for over 50 years supplying those jobs.
Those jobs depends on the coal and the energy industry.
Without them we can't survive.
They're our lifeblood.
I don't have any notes.
I don't have a lot of facts and figures.
I do know if we're giving the government, the Federal government, 12.5% of the royalties -- or a portion of that, the Federal government cannot manage money effectively.
It's been proven for decades.
So we shouldn't be trying to give them more.
They don't -- they can't spend it better than we can.
They never have been able to, and they never will be able to.
I moved here from California three years ago.
Like Montana, like California is also very rich in natural resources, but that state is bankrupt.
If you want to follow that track, then you should probably go ahead and pursue the options

that the opposing side is saying because California is bankrupt directly resulting from those policies.
And that's all.
[applause]
>> Thanks.
Thanks for opportunity to speak.
My name is Chris Seger, Director of the western values project and I live in white , Montana.
We're an organization that calls on policymakers like yourselves to take a balanced approach to energy development on public lands.
Montana taxpayers as we've heard I think from everybody on both sides of this debate today deserve a fair return from the resources that are extracted from the public lands that we as all Americans share.
And nowhere is that more true than the Powder River Basin.
The outdated rules we have in place now don't accomplish that.
Loopholes are allowing some companies to undercut the royalties owe to do communities.
That means an American taxpayer, especially those here in Montana, are getting shortchanged on the royalties that we need to fund things like roads and schools and infrastructure.
The Department of Interior's proposed rule on how we value Federal coal for royalties due to the American public provides an opportunity to close these loopholes and to cut unfair subsidies to coal companies, and to do it in a responsible and transparent way.
And it's possible to do all of this without breaking the bank.
As we've heard from a couple people already today, research from the Bozeman based headwaters economics institute has showed that modernizing the rule would significantly benefit budgets at all levels of government and it could have a negligible impact on production and prices of coal in the Powder River Basin.
That means we can keep people working and make sure that companies and budgets get the assistance they need.
Now, what does that mean on the ground in Montana?
It actually means that according to some of our analysis that we can create jobs.
We found by crunching the numbers with some partners if we close existing loopholes we could generate an additional $11 million for Montana taxpayers annually.
That's 433 teachers, 235 firefighters and 312 construction workers.
That's a good deal and that's a win-win.
We would urge you to continue down this path of taking a balanced approach, and like everybody on both sides of this debate today has said, to make sure we get a fair return to taxpayers and it's one that strengthens communities right here in the Powder River Basin and in Eastern Montana and Northeastern Wyoming.
Thanks a lot for your time.
[applause]
>> Hello?
My name is Elsey -- oh.
I'm speaking for myself a northern Cheyenne citizen, and I've been a school teacher for years.
Retired five years ago, taking care of my grandchildren now.

In that time being a teacher, living on the -- by the coal strip, that big coal mining company, when I first started I saw my -- oh, I became a teacher to serve my people.
So I worked on all three reservation schools [indiscernible] and our own school, northern Cheyenne tribal school.
When I first started, the kids were showing up healthy, and gradually through the years I started noticing inhalers, students that had allergies, and I truly believe, even though they say we have clean air, on my reservation we still get something from coal strip.
And it's affected my people's health.
We have almost two to three burials a week.
I know there's a lot of other factors that go with it.
Just recently they did a health test to young men that wanted to go firefighting, and I might mention now that firefighting is the main source for some of my people, the young couples, they depend on that.
They were sent to coal strip.
There were 25 in the team.
My grandson was one of them.
They didn't test their physical.
A lot of other persons there said it's drugs and alcohol they didn't pass.
That's why.
Come to find out it's because their hearts were bad.
And I felt so sad.
Unemployment is really high on the reservation.
Almost every day I get young people pushing carriages with two, three babies.
Can I clean your yard?
I'll take anything you can give me.
We need some food.
We need Pampers.
It's really a hard life on my reservation.
[indiscernible] so that I can provide more for my grandchildren and my extended family.
We're a family oriented persons.
It's just not my own kids.
It extends.
Aunts.
Uncles.
Everybody, almost, in the community.
Thank you.
[applause]
>> Good afternoon.
My name is Ryan White and I live in Sheridan, Wyoming.
I'm a third generation coal miner and I'm here representing myself and my fellow miners.
I've been a miner for almost 10 years, but more importantly, I'm a husband and I'm the father of a 4-year-old little girl.
I'm the hourly health and safety assistant at Spring Creek mine located in southern Montana, and I'm proud to say that Spring Creek is one of the safest mines in the country.

My safety and the safety of my co-workers is my number one priority.
I'm here to tell you how I feel.
I'm scared.
I'm fearful of my future.
I go to work each morning wondering when the government is going to financially force my company out of business.
I see pressure coming from the President, from the EPA, from the office of the national resource revenue, and now the BLM to essentially shut down coal mining.
I see my government trying to destroy my job and my future.
Just like any other parent, I want to give my child every chance in the world.
I want my daughter to go to college.
So I contribute to her college fund every month.
But I have a serious concern that in the near future I will not have the income from mining to keep contributing.
My community is scared because they know the value of coal mining.
Thousands of communities across this country rely on miners and the economic benefit that they bring.
Next year my daughter will attend a nice, new elementary school because of coal lease bonuses.
I picked up the Sheridan press last night and I see the school facilities budget in the state of Wyoming will be cost exhausted by June of 2017 if the current trends continue.
Two-thirds of Wyoming school facility budgets since 2002 has come from coal lease bonuses.
I ask you this... why would any coal company buy a Federal lease in the future if taxes and royalties are increased?
There is no reason to.
Increasing taxes and royalty will reduce economic investment by companies and lower state and Federal government revenues.
If you want to do something about the Federal coal lease program, do this: improve processing times, improve the determination of fair market value, and create more transparency in the program.
The United States has more coal reserves than any other nation in the world and the government owns a third of them.
They're owned by you and they're owned by me and everyone in this room.
And the current taxes and royalty rates are more than adequate.
As an American citizen I say leave my COLA loan and continue to reap the rewards of hard working coal miners standing right here in this room.
Thank you.
[applause]
>> Hello?
Hello, my name is Elena Buffalo Spirit.
First of all, I'm a grandmother and soon to be great grandmother.
I'm a member of the northern Cheyenne tribe.
I live in bury, Montana.
Thank you for giving me the chance to comment on the BLM's Coal Leasing Program.

I use electricity and I'm glad I have it.
But I am very aware of how coal-fired electricity is very harmful to our world.
I live near the coal strip power plant and it spews out pollution every day and gives people asthma, cancer and harm's their health in other ways.
Electricity can be made by using the sun and the wind.
The technology is getting better and cheap are every day.
I just read that the jobs in solar are now greater than those in coal.
When the BLM practically gives away Federal coal to these companies, you are doing a disservice to those of us who know there is a cheaper, cleaner and faster way to make electricity.
So all those coal miners that are in fear, you should run out and get solar training because that's where the jobs are going to be.
Also, those companies are supposed to be reclaiming the land, and the water, and they aren't doing it.
I drive by coal strip nearly every other day, every other week, and it's not the same.
Not when I was 20.
It looked totally different.
The trees are gone.
The water is gone.
Yet you continue to allow them to get their hands on public coal, even when they are a known bad actor.
If you are a person and you commit a crime, you lose almost all of your privileges.
Even the right to vote.
Yet, you, the BLM, ignore the failure to clean up their messes and instead you actually reward these companies with very cheap coal.
That makes new sense.
I'm glad you have realized that how you have been operating has many problems.
Please reform your policies and stop looking the other way when they leave a mess.
Remember, our wind, sunshine, biomass, geothermal resources are the answer for the future for our children and our grandchildren and their children and the future to come.
Thank you.
[applause]
>> Thank you very much shall everybody.
We appreciate your cooperation so far.
Number one over here on this side, Raynet Kay Lean, Kathleen Campbell, Mary Stranahan, Lee Metzger, and Robert Ecke.
>>> Behind microphone number two, Margaret McDonald, Robert Harris, Donald Siebert, Emma Weiss burns and John Hollow.
Thank you all very much.
>> My name is Mark Fix.
I'm a farmer rancher and I live near Mile city.
I'm chair of the coal and railroad task force.
Welcome to Montana and thank you for taking time to come out here.
Our Federal leasing program is broken and we look forward to the amendments you come up

with as a result of these hearings.
One of the things I want to zero in on is who we are selling these Federal leases to.
You will hear a lot about the companies that are buying and selling the coal, selling it to themselves for low price and then selling it overseas for a huge profit.
These companies are driving trains through that gaping loophole.
I am going to take it a step further.
Part of doing business and staying in business is cleaning up after yourself.
This is a very important part of strip mining because the mess can cover hundreds or thousands of acres.
It is so important states are required to hold a performance mine from mining companies to be sure there will be money to clean up if a company goes under.
It's distressing to look at the numbers how much land has been restored by mining activities versus how much will be fully cleaned up or reclaimed.
This could be productive farm or ranch land contributing to one of Montana's most crucial industries.
Across Montana hand North Dakota and Wyoming about 450 square miles have been disturbed by mining and only about 46 square miles have been actually reclaimed.
That's only a hair over 10%.
In Montana things look bad.
At the last count there were 40,000 acres disturbed by mining but only 67 of those had been released from final bond.
Only about 10% of the remaining acreage was close to being eligible.
What makes us even unbelievable is the fact that there are mines that have been in operation for 30 years or more but have not achieved even a single acre of final bond release.
I understand the importance of productive land, healthy soil, thick grass and clean water.
I understand the agricultural value of the land mined for coal.
I have to ask why are we still giving leases to companies that haven't shown good faith in cleaning up their mess?
These days the leasing process is initiated whenever companies say they want a new parcel to mine.
BLM doesn't seem to check whether or not they've cleaned up the mess they have already land.
By leasing land to operators with a bad track record the Federal Coal Leasing Program enables companies that wreck the land, they need to prove they will be able to clean up.
I'm also a member of the rural electric co-op.
I would like to see my co-op take things into account like wear and water quality, land reclamation and renewable energy -- the energy companies always cry wolf about rates going up.
Coops days are about as in touch with us as Congress is with the American people.
I would like to see our -- even more coal just like a bank does do you diligence before issuing a loan.
The BLM should do theirs.
Thank you.
[applause]

>> My name is Michael Scott.
I'm a 30-year resident of Montana.
I'm here speaking on my own behalf.
I would like to address three things this afternoon.
First the reform of the ONRR rule, the secondly the royalty rate and third the transparency related to the -- how appraisals are set.
First I think it's important to distinguish between some of the things that people have been talking about here in regards to taxes and royalty rates from a reform of the ONRR rule.
The ONRR rule does not -- the ONRR reform rule does not in any way shape or form propose to change royalty rates.
What it does is deal with the types of mechanisms used to determine when a rate is set.
Right now the law allows companies to sell to subsidiaries which can establish artificially low rates for the sale price of coal.
The reform rule that is before us, I think, would allow for the first arm's length sale of coal, which is a really good idea, because it allows for the market to set the rate of coal rather than the coal companies to set the rate of coal and then the 12.5% royalty which is currently the law could be applied to that rate.
There's a second component of that that needs to be addressed, which are what the appropriate types of deductions that should be allowable under the ONRR rule.
Should we allow for washing deduction or transportation deduction, et cetera?
I think those are worthy of discussion and should be looked at as part of the rule reform to understand what really should go into the mix of what are allowable deductions or not.
So I encourage that kind of reform look at the way in which ONRR is looked at, the ONRR rule is looked at and secondly, this is a legitimate question, what should the royalty rate be, the tax rate be on coal?
Should it be 12.5%?
Should it be the 18.5% that some have suggested.
I think Mr. Buck earlier today had a good suggestion not to tie the one reform rule to a royalty rate increase rule, but to take a look at the way in which minerals generally on public lands are -- royalties are set on them.
We have an offshore royalty rate of 18.75% I think.
For oil and gas.
We have an onshore rate of 12.5%.
Why are they different?
We should look at that.
We should look at the coal royalty rate as part of that as well.
Because we haven't looked at this for almost 100 years across the board.
Secretary Jewell has proposed to do that and I think it's a reasonable, important thing to do.
Finally, the gentleman that was over here earlier, I think a couple -- ago in the red shirt suggested more transparency in the appraisal process which I think is a good thing as well.
In Montana we're proud of the fact we have open sunshine government and that any Montanans can go into any public meeting and listen to what it is going on.
We can't do that under the appraisal process.
We don't understand how appraisals are set, how deductions are allowed for economic

hardship.
We as the public need to understand that.
Thank you.
[applause]
>> My name is ray net and I am a Nebraska of the northern Cheyenne tribe.
I traveled here today to deliver a message to BLM if that first, thank you for all being here.
It's time that you cracked down on the coal companies that have been getting away with sweetheart deals for too long.
I've learned that some of these companies have been leasing coal and have enough leased by BLM to last them for more than a decade.
They are greedy and you are allowing them to be greedy, and in fact our current -- encouraging them to be greedy making coal so cheap and easy to lease.
I also learned when the lease the coal often there are only one bidder and there are no way it pays the fair price.
Even though there are pretty good chances that the public is going to have to pay to clean up their messes.
The news that's full of reports how many of these great companies are in trouble financially.
The ones in Wyoming posted their own stock as performance bonds for reclamation.
I've seen pictures of these huge mines and it doesn't look like they are reclaiming at Paul.
Now that they may go bankrupt and their stock is worthless or nearly worthless, there will be no money to clean up the open sores they have created.
If there was enough money, there -- in the world to clean up what they have created.
Taxpayers will have to pay the cleanup or worse yet, it will remain an open sore for generations to come.
You must take a close look at what you are doing and the ripple effect it has on our people, our land, our water and animals.
BLM has to stop enabling these companies and hold them accountable and I would like to add a personal note I am a mother of five and grandmother of four and I would like to keep our lands preserved for generations to come and for everyone to have a living healthy, beautiful Montana lands.
Thank you.
[applause]
>> Good afternoon.
I am representative Margie McDonald.
We are surrounded by my district, house district 51 but we’re citizen legislators in Montana.
In my day job I work with some of the farmers and ranchers you've heard from North Dakota, Montana and Wyoming today.
But I do want to welcome you to South Billings.
I want to thank you very much for coming.
Thank you for opening up the Federal Coal Leasing Program for public comment.
Thank you for your statement that these lands are the great gift that we all receive at birth.
They are our heritage and they belong to us all.
I want to share this perspective of a state legislature who has knocked on thousands of doors and seen hundreds of bills offering tax breaks and tax incentives for this or that category of

economic activity.
Often sometimes we are asked to pay pass bills that will give a large and powerful industrial or corporate entity a sizable tax break.
I always look at those cautiously because the tax break for the Burlington northern railroad or the Exxon means a tax increase for my homeowners and small business owners across the city.
Many of the speakers today are focusing on the faulty premise that setting a fair and fiscally sound valuation for a publicly held asset is going to shut out the lights and shut down the jobs.
That is just not the case.
Estimates are that the costs would be very marginal.
The lesson of Montana history over and over is that the public pays the price when our leaders allow themselves to be dictated to by large corporate interests.
What we're asking you to do is to manage our coal fairly, like a private business would.
When we cut special deals for the coal industry, we shift the costs over to homeowners and business owners, and they are the folks I hear from a daily basis.
Yellowstone county desperately needs a new jail.
Our schools need support.
Our police force and our firefighters are very much shorthanded.
And fixing the royalty and fair market value problems translates to a sizable contribution towards the state and local coffers of our community, makes our communities more resilient.
The choice is not between a fair return on a public asset and jobs.
It's between a subsidy for coal and public benefits like schools, police and firefighters.
Montana has been debating these issues since before statehood.
I think we can confidently say that fixing the royalty loopholes, addressing arm's length transactions and bringing far more transparency on the bonus bid process and the development of fair market value for coal will yield much good for our communities and does not result in the shutdown of the coal industry in this region.
Thank you.
[applause]
>> Maim is Kate Campbell.
I'm with 350 Missoula and eye so appreciate this forum.
I drove five-and-a-half hours to get here.
My comments are in reference to the consideration of coal valuation destined for export.
The foreseeable cumulative impacts of export as well as public disclosure of valuations.
First, BLM agency guidance recommends offices factor potential foreign markets into appraisals and must fully consider the export potential of a leased tract of coal.
A growing international market and shrinking domestic market have created incentives for coal producers to adopt aggressive export scenarios.
In BLM's Montana and Wyoming reports this potential has been referred to obliquely and only in passing but there is growth in exports of steam coal, the primary type of coal mined on Federal leases.
From 2010 to 2012, steam coal exports from the United States more than doubled.
In addition, coal companies have announced plans to further increase steam coal exports in

the future.
They are investing in new rail and shipping capacity, including coal export facilities being proposed on the West Coast to transport the product to Asian markets.
Second, in considering cumulative impacts of any project, NEPA requires the so-called hard look.
BLM has ignored impacts related to the export of coal with its associated repercussions, arguing that it is not appropriate for the agency to take into account what is, in truth, reasonably foreseeable.
The impacts analysis required at the planning level should take into account a detailed qualitative and quantitative examination across the geographic area, over an appropriate span of time and in conjunction with other projects in the area.
It is overly vague and not sufficient to simply refer to possible effects and some risk.
This does not constitute a hard look at the environmental consequences as required by NEPA.
And lastly, public disclosure of coal lease sales has been generic and insubstantial.
Redacted versions of fair market valuations have been released only in response to FOIAs and upon advice from the interior solicitor's office.
The public has a right to know how the estimations of value have been achieved.
Does a particular BLM office use the income method or the comparable sales approach?
The GAO found the BLM does not consistently document the rationale for accepting bids that were initially below the fair market presale estimate.
In conclusion the public needs to have third party scrutiny of coal lease valuations based on comparable and income approaches.
This protocol should be undeviating in every agency office.
The public deserves sufficient cumulative impact analysis and we require more transparent disclosure of the valuation criteria.
Thank you.
[applause]
>> Hi, my name is Robert Harris.
I'm here representing Yellowstone Valley citizens council.
I had planned to take up my full amount of time, but things have been said earlier, and much better than I could say them.
So I just want to make one single point.
I was out at the Montana fair down the street in the Metro last week, and I picked up this brochure from the national mining association all about the virtues of coal mining.
One of the things that it doesn't say is how much the American public is asked to crutch the coal industry.
It has come up before that coal mines pay a dollar or less to the public for coal at the mine mouth.
They turn around and sell that for $10 if it's used domestically, or up to $60 if it's shipped to Asia and used there.
All of that money, anywhere from $9 a ton up to $59 a ton does not go to the American public - it goes to the coal companies.
I think it is time for coal companies to pay the reestablished fair market value for coal, no leaning on the American taxpayer to subsidize them.

Thank you.
[applause]
>> Hi, my name is Mary Stranahan and I want to say kudos to the BLM for instituting this listening process.
It sounds -- it's like participatory democracy and thank you.
I'm going to keep this short and sweet.
BLM, stop subsidizing corporations that are playing a role in the destruction of our planet.
These royalties are user fee that is owned as a resource to all of the citizens of the United States.
Please don't subsidize those fees.
[applause]
>> My name is Emma Weiss and I'm a student of environmental management and policy here in Billings, Montana.
Thank you for the opportunity to speak today.
Federally owned coal deposits are supposed to be managed to benefit the American people.
However, the current undervaluation of Federal coal by Department is leading to coal export at a reduced price to the benefit of our foreign economic competitors.
This is not in the best interest of the American public.
The institute for energy economics and financial analysis estimates that taxpayers have lost up to 28 billion due to bad management of publicly owned coal.
This loss ultimately results from individual taxpayers shouldering the burden of the coal industry financially since the coal industry is not paying their fair share through transparent royalty calculations on the actual market value of the coal in an arm's length transaction.
It is time to stop the exploitation of our rubbery source for the benefit of a few coal companies at the expense of the average taxpayer.
To this fix this problem the undervaluation must stop and we need and open dialogue about fair and clear calculations of the royalty owing so that we, the taxpayer, are not the ones who are subsidizing the fire sale export of our mineral resources.
Please consider these facts and the analysis by the IEEFA and headwaters economics when considering these new regulations.
We should all be paying our fair share.
[applause]
>> I'm Lee Metzger with 350 Missoula.
I appreciate this opportunity to speak with you today.
There are some large scale facts that shoe frame this entire discussion and specifically if the unmined powder river basin coal on Federal Lands is burned it will contribute over 15 billion metric tons of carbon dioxide equivalents to the atmosphere.
The inclusive climate change related cost of emitting that much CO2 are estimated by various U.S. Government agencies as between 82 billion and over 1 trillion dollars and perhaps even more.
In my written comments I provide documentation for the figures I'll use today.
It is time for our regulatory agencies in general and BLM in particular to clearly recognize the astronomical costs and the devastating effects that result from mining coal and to honestly include these costs in all analyses.

Clearly if those inclusive social costs of coal exploitation are recognized the benefits from any coal mine fail to rise to the level to the cost of the extraction of that coal.
Beyond the prevention of inclusive costs of coal burning, keeping coal in the ground has additional benefits, most notably the encouragement to cleaner power resources.
For the nation in general and Montana in specific, it has been repeatedly shown that net gains in jobs and net gains in wealth accompany the conversion from fossil fuels to renewable energy sources.
And those benefits of leaving coal in the ground must themselves be incorporated into all analyses that inform coal mining decisions.
There is now a consensus among scientists that approximately 75% of known fossil fuel reserves must remain in the ground.
If my grandchildren are to have a chance of a reasonably inhabitable planet.
It is time to stop the insanity of developing new fossil fuel resources when we know that most of it must remain in the ground.
In Powder River Basin coal should be at the top of the list, top of our list, for fossil fuel reserves that must not be developed.
The enormous benefits of leaving this dirty coal in the ground overwhelm all economic gain from its extraction, sale and use.
BLM will best serve the nation by doing everything possible to disincentivize extraction of coal on Federal Lands.
Thank you.
[applause]
>> I'm Donald Siebert.
Thank you for the opportunity to speak to you this morning.
I was a member of the BLM for over 30 years and during that period of time I had the opportunity of working with renewable resources and energy development.
At that time, and continuing in the present, timber sales, and I realize that's a renewable resource, on public lands is offered to the highest bidder, and there are several bidders on -- for those timber sales.
As I remember, and the regulations still state, that the minerals are also to -- are put up to the highest bidder, however at the present time as previously stated we're only receiving one bidder, and so what I am currently recommending is we stop selling to a single bidder and we start selling coal as a -- to multiple -- or we advertise it for multiple bids and -- so that we as a citizen of the United States and our taxpayers receive a fair value for the sale of mineral property.
I recommend that this happen immediately.
Thank you very much.
[applause]
>> KEVIN BROOKS: We're going to queue up again our lines.
Behind microphone #1 here, Charlotte Owen Hollow.
I apologize if that's not correct.
Annette Dottenmeyer.
Mike Johnson.
John Greenberger.

And Dwayne Anke.
>> Close enough.
>> KEVIN BROOKS: Thank you.
Behind microphone #2, Michael at kin sun, Jason Mosler, Patrick Campbell and Nate Adams.
Everybody okay with that?
Okay.
We'll move along quietly and we'll be --
>> My name is Bob Eke.
I live in Bozeman, Montana.
I work for the Wilderness Society as national Director of our energy and climate campaign.
I want to thank you for coming to Billings and getting these diverse opinions here.
I know this is issue has gone on for a long time and I appreciate you standing up and listening to this.
I have been an observer of the coal industry since my first job as a newspaper reporter in southern Ohio.
Late 1970s part of my beat was the coal industry and royalties and reclamation were the top tier issues of the day.
I recall in 1983 when James watery signed as President Reagan's Secretary of Interior after coming under fire for derogatory comments he made about a coal advisory board.
Part of the mission of that advisory board was to investigate the possible reforms after concerns were raised that Powder River coal was being sold at below fair market value over 30 years ago, a practice we're still discussing today.
For the past 25 years there's been little significant reform of the Coal Leasing Program.
I am know expert but I do listen to experts and there has been more than a dozen studies and audits by independent commissions, the general accounting office, Interior Department's Inspector General as well as independent academics and think tanks.
Their findings of these studies always carry a consistent, nearly unanimous thread that Federal coal is largely sold below market value and that the coal leasing system in need of significant modernization.
One study by the institute for energy economics and financial analysis estimated taxpayers have been shorted about $30 billion in lost revenue over the past three decades.
The way I look at this is that when coal companies mine coal from public lands, they're actually mining the Federal treasury at the same time.
There's clear evidence and convincing evidence well beyond reasonable doubt for me that the Coal Leasing Program needs to be modernized and brought to the 21st century.
But despite this overwhelming evidence there has been no substantive reform for over this quarter century.
I think that gives us had eye tree how hard it is to change these practices.
And so I ask the BLM and say now is the time to stand up, provide national leadership and implement appropriate reforms.
This is not about punishing the industry.
Certainly not about the families that depend on the industry.
But it's about us getting our fair share as taxpayers.
And you mentioned you always seek balance with the BLM, and the public pressure to

implement these reforms is continuing to grow.
Mostly because American's expectations for the broad ranges and uses and values of public lands are evolving.
Federal lands now are just not seen as sources of commodities, but are increasingly seen as vital for recreation, protecting water supplies and wildlife habitat.
So we ask you specifically to increase the royalty rate and minimum bid for surface mined coal, assess royalties by accounting for full value of coal at the point of end use, require mitigation for the full range of reasonable and foreseeable local impacts.
Ensure proper reclamation of mined land, and ensure transparency and public participation.
Thank you for your time.
[applause]
>> You started that clock before I started speaking.
My name is John Hollow and I'm from Helena, Montana opinion I drove down here in my Prius that I got in 2004 and I got it in 2004 because my wife opened up the paper and it was about people dying in Iraq.
Today we're addressing an issue about people dying all over the world because of global warming.
Somebody said if you're going to talk tell a personal story.
My son is a U.S. Coast Guard rescue swimmer.
His job has changed because of global warming.
That part of it also affects not just the Crow Indians here but the INUYET in Alaska.
Now has to go all the way in Alaska and are go to Barrow, and they have a station there, and they have a station opened there because of global warming.
The INUET, and I may not be pronouncing that right, have their homes, beaches, being eroded away because of global warming.
6 now, I understand that some people may lose their jobs today.
The people that are speaking here today I think have to be sensitive to the fact that lives depend on jobs.
But I also think, and here I will admit this, I am over 70, and I get a retirement from you the people because I was in the military, and -- so I don't have a job at stake.
I acknowledge that.
And it's got to be tough on your part to listen to people that have a job at stake.
It's also got to be tough on your part to listen to people who say you might be sued, you might lose money.
But I hope at some point we can all look to the future and say, people are already losing something because we didn't do something 30 years ago and that's going to be a hard transition for all of us but I hope you make it and if in making this process better improves it for people who want to mine, even at a higher cost, and those people concerned for the future and want a good rate of return, that rate of return has got to address the real costs of mining coal.
Thank you.
>> My name is Annette.
I'm here speaking on my behalf and my fellow co-workers.
I'm a 33-year-old and I live in Sheridan, Wyoming.

I am a single mother of two, Damian age 12 in the 7th grade and Lizzy who is 9 in the 4th grade.
I do not receive any child support and I currently work for Spring Creek coal, which is a blessing for me and my family.
I have worked multiple jobs at the same time in the past just trying to make ends meet.
To the detriment of my family, health, sleep and any social work, and now I make a living.
I have bought a reliable car, have a matching 401(k), a small social life and hope 4 our future and a real family life for me and my children.
We finally have something to look forward to and maybe a decent future.
Spring Creek and I pay taxes to Montana and Wyoming.
I receive know benefits for the state income tax I pay every year to Montana on top of the Wyoming state sales tax and my Federal income tax.
Spring Creek pays taxes and contributions to both states too numerous to mention, including [indiscernible] Senior center which my elderly mother and others depend upon.
All this seems crazy to me.
The Federal government and left wings are so intent on stopping coal production in the Powder River Basin.
Why not look at it on a global basis.
The United States cannot save the world.
Other countries including China could care less.
Why take a failing economy in our country and the few jobs it provide and shoot it in the foot like the Swiss do.
Coal still produces 40-plus percent of the nation's electricity at this time and I hope if the bleeding hearts win they are the first to have their power shut off and then wait until an affordable, viable alternative comes around.
This is too stupid to even consider at this time.
Thank you.
[applause]
>> High my name is Jason Mosier.
It's always weird to hear your own voice through a speaker.
I don't have anything written down.
I didn't even plan on speaking today.
So a little nervous, as most people would be, but a lot of people are coming up with a lot of facts and figures and numbers, and I guess it's interesting to me to listen to them and think about what they're saying, the coal companies are getting a huge break and they're getting the deal of a lifetime, they're getting fire sale prices, et cetera, et cetera.
I would ask where that is.
Where is the profit?
The companies seem to be going out of business.
I thought there was a celebration last night about one of the major coal companies going bankrupt and now we're talking about how they're doing so well.
I think those numbers are available to you, and that's not for me to tell you what the facts and numbers are as far as that.
I guess -- I think my man from 350 Missoula summed it pretty well when he said the -- we

need to deincentivize coal production.
I think that's the key.
Have a hard time thinking the biggest problem with coal is we're just not getting enough tax revenue off of it.
I come from a small town called Centralia, Washington.
Originally grew up in Seattle where it's pretty progressive.
But I don't think anyone in Seattle every talks about Centralia, which is about 90 miles south, which is a town where the coal mine did go out of business -- well, it didn't go out of business but it was shut down.
A lot of people are saying that there's very little impact if the coal mine shut down, if the coal industry goes away, that those jobs have equivalency to other jobs like wind and solar.
That's just not true.
That's why I moved over to Montana from Centralia is because the good paying jobs went away.
Housing prices crashed.
Had to walk away from a home myself.
You know, there is an impact.
There is a big impact in the community because it's not just -- I never worked directly for the mine.
I worked for a company that supported the mine.
There was a lot of other companies that supported the mine that people lost their jobs and had to figure out where to go and what to do.
They didn't just start building a bunch of wind towers right there in town as soon as the mine shut down.
So -- anyway, there definitely is an impact and it affects people's lives.
I wasn't here to talk about facts and numbers and figures.
I'm here to talk about people, and it does the have an impact on people.
Thank you.
[applause]
>> My name is Charlotte Owen Hollow and I'm represent myself but I also belong to the northern plains resource council.
I'm concerned about promised but often unrealized coal reclamation and the protection of our valuable water resources.
A 2014 Montana evaluation for regulatory programs shows less than 10% of mined acreage has reached phase 3, which is successful vegetation and bond release.
I believe phase 4 is the 10-year vegetation reassessment, and it also addresses water reclamation outcomes.
So companies have a long time to get that right, but only less than 10% of the acreage has been fully reclaimed.
Actually, less than that.
Aquifers which is also coal seams are repeatedly compromised and often contaminated due to strip mining operations, yet a large portion of the U.S. population uses aquifers and groundwater for their drinking and living needs, not to men essential the agricultural or livestock demands.

These waters are disappearing at an alarming rate and increasing rate.
Consider California or the Texas Ogallala Aquifer, for instance.
Coal companies have the right if permitted and permitted to disrupt farming and ranching operations in a thriving river Valley, for example, as well as compromise the quality and quantity of the various water sources.
This appears unwise, unfair and unwarranted.
China is moving away from coal power.
By 2020 they plan significant reductions.
The coal that's not bought from the Federal government at a reasonable rate, and our country is experiencing drastic water shortages.
I believe the water involved in mining operations is usually not tested prior to mining.
So, reclamation, if it is completed, cannot be based on the pre-mining quality.
Then there are the carbon emissions to consider.
I ask the BLM to change their practices and policies so that coal companies mining in these fragile often arid and often -- will finally be held accountable for changes and disruption.
They must pay a fair price for coal, post proper bond amounts and not engage in self-bonding, and use them to complete the necessary reclamation tasks in the appropriate time period.
Hopefully paying special attention to the water resources impacted by that mining.
Please require the analysis of pre-mining waters and consider basing lease permitting or lease modifications partly on the reclamation history of each mining company.
Thank you.
[applause]
>> My name is Patrick Campbell.
Born and raised in Montana, as my mother, father, their fathers, mothers.
I can keep going back and back.
I'm a second generation miner.
One thing my boss told me, she said, you know, you're representing a company today, so, pat, you have to be careful what you're saying because there's going to be a lot of environmentalists there.
I don't really care for them.
And she says, be careful because those idiots from Missoula are going to be there, too.
So I'm going to try to refrain as to why we're here and not talk about global warming and idiots and stuff like that.
What I am going to try to talk to is about the program you're proposing to increase or you want to change.
Right now we are in a situation where we're opening up an area called area GF.
I've heard the other company, coal companies, sit here and say we don't mind mine a lot of the Federal coal because of the processes you make us guy through as companies and everything.
Basically that's what's happening in our area G.
We are going to bypass an area of recoverable coal, which could be going to the taxpayers for royalties, schools, infrastructure, various things like that, but we're going to bypass it because the system you have in place now we view as too cumbersome, takes too long, it's just a hassle to have to go through it, doesn't fit into our mine plans.

So I guess what I'm saying is proceed with caution when you go to change these rules and things because I hear a lot of people wanting to get the money from the taxes and we want to get our money's worth and all of that, but if you proceed the wrong way, it's probably not going to get mined, and you're not going to get anything for your dollar.
And also I would like to express my gratitude for you guys being here.
My patience.
I have sat through a lot of stuff I don't agree with or heard a lot of stuff I know is false, which is hard to express, but I'm just saying proceed with caution because the jobs that are out there and amount of money you can get for mining coal responsibly is -- I think it's good for the future.
That's all I've got.
[applause]
>> Like to start, Dwayne Ankney, senator from Senate district 20 which is part of custer Rosebud treasure and muscle shell and a good share of Yellowstone county.
I have two active mines and about 2200 megawatts of power generated my Senate district.
I, too -- a couple things that was said, we've got off track from the leasing to a lot of things.
Coal mines don't pay their way.
One thing I did have the honor to be chairman of appropriations, and I know how much money coal mines pay.
They pay ad valorem.
They pay gross proceeds.
They pay the Federal royalties.
They pay severance tax.
The severance tax in Montana is 15%.
And so coal companies definitely pay their way.
Not only that, but what they give in the communities and surrounding area is a lot of money.
I think that these proposed rules is a solution looking for a problem, with all due respect.
A quote from the Secretary Jewell said in a speech to the center for strategic and international studies in Washington, how would you manage this program in a way that that is consistent with our climate change objectives.
And I think that says it all.
That this is not a way to get the taxpayer his fair share or anything else.
It's simply to follow this Administration's war on coal.
And in another statement by the Department, if I didn't lose my paper, the Department estimates the change won't increase any revenue to the treasury, which would tell me it's to make the red tape redder, make it harder to lease this Federal coal, harder for these mines to get it.
So just like the gentleman and lady from North Dakota, as Mr. Campbell said, they're going to mine around Federal coal.
We're going to actually see less mining.
I don't think this has been a problem.
I think this is simply part of the war on coal, and these new rules, by admission of the Department, will not generate any more revenue.
And by admission of the Secretary, it's to follow climate change objectives.

So I would urge the Department.
Thank you.
[applause]
>> KEVIN BROOKS: Ladies and gentlemen, we are at 4:00, and that was the official end time of our meeting.
We still have an awful lot of people that have signed up to speak today.
The members of our panel have agreed to stay, and we're going to invite -- invite everybody to take about a -- can we do seven or eight-minute stand-up break, go to the bathroom.
>> JAMIE CONNELL: Before we do that, I'm Jamie again, if we could get -- I know we had a lot of people sign up.
I think some of the people that signed up might have left.
If those of you that would like to still speak could raise your hand so we could get sort of a sense of where we are.
So about 30 people.
So Kay.
So, Linda has graciously and Al and I will be here.
I agree, as you know, the restrooms are around the corner to the left, and in just a few minutes come back and we'll try to figure out a way so that everybody gets their time to speak.
So thank you.
>> KEVIN BROOKS: Thank you for your cooperation, everyone.
>> JAMIE CONNELL: Why don't you give out the first two or three people speaking, Kevin.
>> KEVIN BROOKS: So next up right after the break -- Michael Atkinson, David Gillhaas, Mike Johnson, John Greenberger.
[in recess]
>> KEVIN BROOKS: Thank you all for coming back up today.
We appreciate your patience.
The room is getting a lot cooler with less people in here now.
People will be putting their coats on pretty soon.
We've had several people have said that they didn't have any new comments, or everything has been said.
We still appreciate what you do have to say and your comments are very valuable.
If you can summarize and go quickly, that's great for everybody.
Any written comments you would like to provide, we can take them here today, or we'll also put up at the end of the meeting the email address that you can send your written comments to and those will, of course, be carefully read and considered.
So we really appreciate your input on that.
I'm also going to ask that we treat each other as friends and comrades and we be civil to each other.
So let's make sure we do that.
So we had several people that did not come up for the last go-around of speakers.
I will call their names again and I think some of them are in the room and we are -- I just want to make sure we don't miss anyone that has asked to have a chance to speak.
Mike Johnson at number 1 here.

No?
Michael Atkinson.
Yes, sir.
David Gillhaas.
Is that close?
Yes, sir.
Say that again for me -- got it.
Thank you, sir.
Nate Adams.
I'm going to keep going down the list.
Number 1, Thor Lufsgard.
Close?
Dan Gatch.
Bradley Sour.
Roger Web.
Brent Mead.
Microphone number 2, please, Pat Plowman, Geraldine Custer, Gerald Jones, Ann Hedges, Jerome Walker.
Again, my apologies for names.
I'll remind you you might have to move those microphones up and down.
Please get nice and close to them so everyone can hear you.
Please identify yourself as we begin.
We'll start over here.
Is that okay?
>> My name is David givens, I'm glad to be able to be here and speak you, the panel.
I come from a family that has had 11 members in the past or present working in the coal mines.
It has been a mainstay of my family for many years, for myself 40 years as of next year.
In that 40 years I have worked in the mines, in two different mines, both in Montana.
We, as was mentioned by one lady earlier, we live in Wyoming because of the location of the city in comparison to our mine, and so we end paying taxes in Montana and the Federal taxes plus our Wyoming state taxes.
So we end up paying taxes three times, but nobody complains because it's part of our life and part of our jobs.
Many things have been said here today about so many facts and figures.
One thing that hasn't been approached and was kind of mentioned in somewhat of a negative way, and that is the reclamation.
And I would like to say that in the 40 years that I have worked in the mining industry, I have worked in everything from the original removal of the topsoil, first scoop of topsoil off of the ground, until it's placed back on the ground, and that includes all of the removal of overburden, the mining of the coal, sending the coal down the track.
My wife works in the mine.
My two sons work in the mine.
And we're all involved in that process.

But in all of this I can honestly say that in both of the mines I've worked in they have been very responsible in the way that they have removed and replaced everything to its original shape as much as possible, and usually the end product is better than the beginning product because you have a more even covering, the vegetation is very good.
There has been cattle herds applied to the land.
We have much wildlife.
And it's abundant in the mine.
And they're protected.
So we don't see any problem in those areas, and I just wanted to make that known.
Because they are very responsible, the mining company and all of the people, in putting it back the way it was.
Thank you.
[applause]
>> My name is Cody Veal and I would like to speak on behalf of my friend for Mike Atkinson.
He just had to leave for an emergency if that's okay.
If that's okay with you people -- first, I would like to thank you for the opportunity to speak today.
My name is Cody Veal, and I'm an equipment inspector, welder, mechanic at Spring Creek mine in southeast Montana.
I live in Storey Wyoming with my wife Lorraine and two sons, Wyatt and Easton.
You might have heard them early you are or throughout the whole conference here.
The town of Story is a small community about 800 people in the summer and 400 in the winter.
You have a lot of retirees that -- snowbirds, whatnot that come and go.
When I'm not at work I spend most of my time outdoors and consider myself an environmentalist as I'm a firm believer in leaving the areas I travel better than when I found them.
When we're snowmobiling, hunting, fishing hiking, we're always picking up garbage where we can and put it in our back cars.
Feel like we're doing our part.
We want to preserve our Bighorn mountains.
Pretty much the whole state of Montana.
Anyway, back to the subject here, a little story about myself.
My brother and law and my sister, they've -- he was from coal strip, Montana and they have lived there for well over a decade together, they recently picked up their family and moved from coal strip to Page, Arizona because they were concerned about the impacts the new rules would have on the power plant where they worked.
Ultimately my nieces, their daughters will be the ones who are penalized the most by this decision because they have been ripped away from the place they called home.
I've called Sheridan county home since birth and I want my kids to have the same opportunity I did when growing.
Words would not be described how fearful I would be if government rules destroyed the lifestyle I have worked so hard to create.
The mine work at Spring Creek has won numerous awards from environmental and

reclamation awards throughout the years.
It has also been recognized on many occasions as one of the safest mines in America.
Safety and environmental stewardship are central focuses during every shift at Spring Creek mine which is how we have been able to win these awards.
If the mine was to close -- were to close my skill set would potentially put me into an industry where production and quotas are held and -- in higher regard than worker safety.
My family would not like that.
The coal industry is providing economic base in my community for more than a century.
It if it cease to do exist local businesses would be devoid of the economic engine that's fueled the economy since the 1800s.
Coal has been the backbone through many tough times including the Great Depression and even recently the great recession.
Well, thank you for your time.
[applause]
>> My name is Brad Sour.
I ranch in Rosebud county.
I'm here to talk about one of the unpaid for costs of coal.
In the summer of 2012 lightning ignited quite a few wildfires a, and they in turn ignited exposed coal seams.
As we found them when we were riding together cattle and fixing fence we reported them to the BLM, and they came out and GPS'ed them and we asked when can we expect you to deal with these as the responsible party for the coal.
I need to also mention there is a private owner of coal in our area.
The surface is, of course, owned by someone different, and we are responsible for things that happen on the surface.
After the first couple of times they didn't come out anymore, and there was no response on when the burning coal seams would be dealt with.
This spring, approximately two-and-a-half years later, on a really windy day, several of those coal seams ignited and burned a vast amount of ground and it's still happening.
Last week's Rosebud county, the independent press has an article on it.
I'll give that to you, Kevin.
The point is, there's a disconnect here.
We're hearing that there's a lot of money that doesn't need to be charged to the coal interests.
The responsibility is not being maintained by the people that are responsible for the coal.
If I let my cows wander out into somebody's field and they broke down the fence, I would have to go fix the fence and pay for those damages.
Who will cover the suppression costs?
I suspect these costs are starting to eat into the BLM fire budget for the summer.
I know there has been a lot of discussion on fire budgets lately.
It impacts otherwise efficient operations.
There's a lot of other things like jobs and water and kids.
I left the young entrepreneurs that I work with home today to take care of business.
How many reclamation jobs are there?

There's got to be ways to solve this.
If we could put our heads together and get our politicians to stop wearing the coal collar, we might get somewhere.
Thank you.
[applause]
>> My name is Thor layoffs guard.
I'm a concerned citizen, husband, father of four and an Montana native.
Currently I work for modern machinery.
We're a Montana based heavy equipment dealership.
We employ about 300 people, little over 300 people company-wide, about 25 people here locally.
I would like to take a minute address a couple questions here on your sheet about the -- how these royalties are going to affect the return to the public, revenues for states and communities and jobs.
Also other ways the BLM might promote greater competition in the coal leasing process.
I think it's pretty simple, I challenge the BLM to work with other Federal agencies to streamline this permitting process.
To get more coal out of the ground, this will increase revenues not only to the coffers, the governments, but also companies like us, modern machinery, the other dealerships, mining support companies.
The more coal that's mined, the more people we hire.
They're good jobs, good paying jobs.
Closing thoughts, it's been addressed once, but I'm kind of upset about all the open sores and reclaiming comments that have been made today.
I challenge you all to visit these areas, whether it's coal strip, Spring Creek, any of the mines we deal with.
I guarantee you'll have to ask what had been reclaimed and what is yet to be mined.
These guys, they do a good job.
Deputy Director Lance, you said it at the start, 50,000 acres, 45 million dollars.
We got a lot of money coming in.
We're covering a lot of ground.
Pristine land, clear blue water.
Folks in the coal industry directly and indirectly do a great job of mining and reclaiming.
We're stewards of the land.
We hunt.
We fish.
We hike.
Farmers, ranchers.
People of all the walks of life work at these coal mines.
And we don't appreciate the negative connotation of not caring for the land.
You go to these reclamation sites there's better grass in the reclamation areas than there ever was in the native soil.
So that's about all I've got to say.
Thank you.

[applause]
>> My name is Jerome Walker.
I'm a physician from Missoula.
I'm hear representing some public health concerns that I and a great many other physicians share.
I would like to talk a little about some of the hidden health costs of burning coal and consider what would be a fair thing to do for the public and for the taxpayers.
There are a number of hidden health costs with burning coal.
One of the biggest is Mercury.
You burn coal, mercury goes up in the air, about 30 tons of each year in the U.S.
It comes down in rain, into our rivers, streams, lakes.
It's concentrated as it goes through the food chain.
Ends up in fish.
We eat the fish.
And that way it gets into our bodies.
About one woman out of every six amongst child-bearing age women in this country has elevated blood levels of mercury.
And that means about that 600,000 babies every year are at serious risk for brain damage that from mercury.
I'm a neurologist.
I can tell you there is nothing you can name more toxic to a developing nervous system than mercury.
I'm talking about decreased I.Q., attention deficit problems, trouble learning, troubles with speech, coordination, you name it.
So that's problem number one.
It's truly -- there truly are some things that can be done to ameliorate this, but they're expensive and have been spottily applied and not made much difference.
Second problem is that of particulates or soot from burning coal, especially tiny particles that get deep into the lung and can cause chronic lung disease, bronchitis, asthma, increased heart disease and stroke.
The third thing is CO2. Production.
Several speakers have already addressed that so I won't go into that again.
The costs of dealing with these health problems will be borne by the public, and my concern is -- and especially will fall on state and Federal governments.
My concern is what would be fair for the BLM to do to take into consideration these additional costs.
Should money be set aside for trying to fix or to the extent it's possible to fix these health problems in the permitting and leasing process?
I hope you won't take my word for this, but tonight when you go home, Google "Coal burning power plants" and "health" and you'll see what I'm talking about.
Thank you.
>> I'm Geraldine Custer.
Represent house district 39 which is custer, treasure, Rose bud and -- we have a power plant.
I don't represent the coal mine in muscle shell county.

I was married to a coal miner.
It's a very good living but what I really want to say is before that 36 years at the county, and in my county the coal mine and the power plants are -- the economy, the boom for the economy.
If they go out I would write on the annual report that we're going to be in a very bad situation just like butte was when the copper mine pulled out because we're all one industry.
About 90% of the tax base in our county Sr. related to coal.
So we've got to consider that.
But on a more note to kind of stay on the track of what this meeting is about, as a CFO for the county we would be audited.
Just like the feds are being audited and they're telling them to streamline this process and make it fair, that would happen to us at the county.
That's what I want to encourage you.
Make it fair, whatever the royalty tax is -- whatever it's going to be, let's not make it higher, maybe even lower it, but make the permitting process more streamlined.
I think that's why the Federal coal is not being taken advantage of is because it's such a long, lengthy process, and as you know, in government the higher you go the more red tape.
Maybe they can make it a little more transparent so they will get more bidders to try to get the permits and then we can maybe mine more coal and more money will roll around with the royalty.
That's what I'm hoping for.
And on the reclamation, I would like to say one thing.
One of my county commissions I worked with in my 36 years was a rancher and he lived long enough to see his land mined and reclaimed and given back to him after the reclamation bond, and he actually had better land -- he could put more animal units on it than he could before, and -- because he kept really good records, and I so just wanted to say that for like the gentleman from North Dakota who was worried about that.
Thank you.
[applause]
>> KEVIN BROOKS: We're going to call up a few more folks here as we get down through our list.
Behind microphone #1, Harold Holm, Tom Thau, Francis Kromkowski, Dirk Johnson, Shiloh Hernandez.
Behind microphone #2, Kenneth Gray, Alexis [indiscernible], Jessica Carhala, Scott Frazier, Eileen Morris.
Again, please identify yourself and we are -- over here, please.
>> My name is Ann Hedges with the Montana environmental education center.
The BLM coal leasing and royalty programs need to be modernize to do guarantee the taxpayers are getting the value of nonrenewable resources on public lands.
These are public resources, not private resources.
They should be disposed of only when they provide a benefit foot public not just the coal companies.
The puck should be compensated fairly whether the coal is being disposed of in Montana or North Dakota.

And regardless of whether the coal is sold into a weak or strong market.
The process needs to be transparent.
Secrecy breeds suspicion.
Leasing information regarding fair market value, royalty rates and deductions must be available for public scrutiny.
The process needs to be fair.
A decision regarding fair market value, royalty rates and deductions made in Wyoming should be consistent with any decision made in any other part of the country.
That is not true today.
Decisions on fair market value and deductions should not be made on who is making the decision, local politics or what somebody had for lunch.
Fair market value does not equal the same thing as willingness to pay.
The royalty price should be pace based on the price paid by the final consumer, not some sham, nonarm's length transaction.
It should be based on the marketplace.
That's easily determined and accessible to the public who own these resources.
The Federal government should determine the long term benefits of coal staying in the ground is the market is weak.
There may come a day when clean coal actually means something more than an advertising slogan.
Today's market condition shouldn't drive a decision on how lease sales and royalty payments are calculated.
This decision will ensure long beyond any blip in the market.
BLM should consider climate impacts when it is extracting accounting coal from the ground, including the social cost of carbon should be considered in the leasing analysis.
Leasing coal with a disregard for climate impacts sells present and future generations short and increases the cost to the Federal, the state and local governments have that to deal with the climate impacts to agricultural, forests, from fires, from water availability, from wildlife and health.
If California is bankrupt, which I don't think is true, it's because of an unprecedented drought caused by the burning of coal.
In 2014 cloud peak energy paid 9.5 million dollars in compensation to its top five executives.
It has 31 domestic subsidiaries.
Selling coal to itself has netted the company between 13 and 44 million dollars.
It can afford for us to fix this loophole.
In an entity leases coal they should know the rules up front and not be able to hold BLM for hostage by saying they can't afford to develop the resource because the royalty is too high.
A gentleman who bid on oil and gas leases in Utah went to jail for that type of behavior.
And reclamation has not been done voluntarily.
Reclamation has been done because it is required of these companies and you need to look beyond the surface to figure out if reclamation has truly occurred or not.
With that I close.
Thank you.
>> Thank you for this hearing.

It's been pretty civil and I have enjoyed it.
I've learned a lot listening myself.
But my name is Harold Holm.
I was born and raised in butte, Montana from a mining family that came over from Cornwall in the 1880s.
I have worked in the mines myself down in the Kelly Shaft before they started the open pits.
So I know a little bit about Butte but I'm not there anymore.
I'm living in Missoula.
I don't know if they'll ever reclaim Butte but it sure is a poster child for what can happen if you let things run away from you.
I know pretty well where a lot of that money went.
Somebody was wondering what happened to all that money?
It's pretty easy to tell.
Thank you, Ann Hedges for giving us a recap of that.
The recap didn't make up for my grandfather dying at age 43 from lung problems.
And the doctor gentleman here, the neurologist from Missoula, hit the nail on the head.
Coal is really a poisonous product.
That's the main trouble with it.
A former coal mine manager has said that publicly.
The main problem with coal is the product is poison.
And how do you deal with it?
Can you compensate adequately with just dollars?
I don't know.
You can't do it with few dollars.
It's going to take a lot of dollars, because that is going to be one of the big industries of the future, is healthcare dealing with the problems that we've created.
It's pretty hard to ignore the climate change issue.
I was in Helena at a hearing talking to a fellow that worked for a coal company.
He was bragging about how many millions of tons of coal they had.
I asked him a simple question: what does that translate into in CO_2 when it's combusted?
And he just looked at me like -- deer in the headlights.
It's the thing that's ignored.
The elephant in the room is another way of saying it.
I don't think a government agency should be able to ignore it.
I think the clean power plant is going to address a bunch of this.
If I were a government agent working for government agency, and I have worked for the government, I'd want to work for a good outfit and a tight ship, be aware of too many loopholes and special exceptions for hardship.
They can be gamed on you.
I also worked for the smokejumpers for a while.
I'm becoming more and more aware the cost of forest fires is getting astronomical, and the projections for the future are really bad.
You should be looking at those things.
Because it's part of -- it's part of the coal situation.

I thank you very much again for having this hearing.
[applause]
>> Hi.
My name is Alexis [indiscernible].
I am representing the Montana wildlife federation today.
Welcome to my hometown.
I hunt in southeastern Montana.
I have family who work for coal strip.
And so I come at this -- it's a complicated issue.
It's not simple.
It's not as simple as we all want to make it be.
Saying that, Montana wildlife federation was founded in 1936 by hunters and anglers and agricultural landowners who were concerned about the loss of Montana's natural lands.
For the last eight decades WEF has worked to protect those lands for future generations.
We have 4,000 members in the state and around the country.
WF's main interest is in our public re he sources and public lands and proper management of those resources.
Most of us from Montana hunt, fish or participate in outdoor recreation, and our licenses, our fees, everything we do helps fund local and state governments just like other industries.
Hunters and anglers are giant economic engine in this state.
The industry provides 64,000 direct jobs in Montana as opposed to 864 direct jobs in mining.
5.8 billion in consumer spending.
1.5 billion in wages and salaries as opposed to 59 million in wages and salaries in the coal industry.
403 million dollars in state and local tax revenue goes to this state and local governments from hunters and anglers from outdoor recreationist.
Only 79.6 million goes from the coal industry.
I only say that -- I'm not trying to make one better than the other -- I'm only saying that to show that a lot of different industries provide tax base for our communities.
We have to look at all of these issues.
We use public resources, hunters and anglers, use public resources, and we understand the importance of paying our fair share.
We protect and maintain these resources for future generations.
Last November the national mining association stated in a meeting at the White House OMB on the proposed rulemaking, they stated that changes to the existing regulations are not justified as there have been no significant market changes in the last 25 years.
We all know this isn't true.
It's a ridiculous statement.
Everyone seems to agree that things need to change in this room, even if we disagree how they need to change.
Why we are here is to have a meaningful dialogue free from political rhetoric and hyperbole and how the market as changed and what that means for regulations -- longer than I have been alive.
The Montana wildlife federation is supportive of interior's efforts to update these regulations.

We believe the royalty rate should be increased.
We also encourage DOI to look closely at any loopholes that allow companies to avoid paying some royalties by selling coal through their subsidiaries.
And of utmost concern of MWF is coal reclamation.
Thank you very much.
[applause]
>> My name is Tom.
I'm around attorney and I'm also an early former legislator.
I served for 20 years in the legislature and was chief sponsor of the Montana 30% coal severance tax.
I want to say something, first of all, to respond to what's been said here today.
An increase in the cost of the royalties does not mean there will be less coal produced or mined or less jobs.
We've heard that.
We've heard that from the economists, Headwater Economic Institute.
I've heard that.
When the coal was reduced, the coal tax, was reduced from 30% to 15% they said, oh, you've got to do this so that the mines will be able to mine more coal.
It didn't happen.
We didn't get any increase.
I called and talked to some of the coal mine CEOs, and I said, why?
And they said, the taxes, and I would say the same for royalties, has nothing to do with where we build a coal mine.
It's just not that related.
So I want to make that point very clear to start out with.
I also want to say that there are some people like myself who don't believe we're going to be lessening our reliance on coal for a long, long time.
We have something like 20% of the coal tax -- I mean, the coal in the whole country.
10% in the whole world.
That's going to be mined for a long time.
But I want to say a couple things to the specifics that you asked.
First of all, I think it's really important that you get a base that you start out with.
We dealt with, in the oil tax area, a notion that we had called net proceeds.
That allowed people to deduct their cost of production.
We found out they were ducting everything, including some of the -- deducting everything, including some of the office expenses in Dallas, Texas.
That you can't do.
You have to start with a firm base.
Other companies in other mineral industries are also playing games with this system, and that's why I urge you to correct.
Don't let the coal companies cheat on royalty payments by selling to a subsidiary and then selling later on.
The oil companies tried to do that 15 years ago.
I was on the Montana council for a class action against every single one of all the major oil

companies in the country.
They were cheating royalty holders out of taxes.
That's not right.
Don't let that happen.
I've said many times that the coal tax is really important because we're protecting a treasure of this state, and I think the royalty is the same thing.
You have a fiduciary responsibility.
Make sure you carry it correctly.
Thank you.
[applause]
>> My name is Jessica.
I'm also a Montana state legislator.
I come from Billings, Montana, and I represent house district 48 which runs right through the center of Billings.
However, I come to you from the refined and sophisticated metropolis of geyser, Montana which sits about in the middle of Montana.
My family comes from the state from several generations back.
We came from Europe to mine, and I think that similar to the history in Butte, if folks in Butte would have heard my name pronounced today they would have known the correct pronunciation would be Finish.
That's a proud heritage in Montana.
I'm proud to go to monarch Montana and see where my great, great grandmother is buried.
And I'm proud to hear the people from Coal Strip come and speak and talk about the mining heritage.
It's a place close to my heart.
It's a place close to a lot of people's hearts in the state of Montana.
I'm proud to speak after Mr. TAU.
He forgot to tell you he's the father of you on Montana coal trust fund.
When he speaks I hold him in high regard and I can also speak to the fact that at the legislature we failed to pass an infrastructure bill.
We did have some very candid conversations, but some of the things that we wanted to pass were for building infrastructure in eastern Montana.
It was due to the boom in the oil boom in the oil fields in eastern Montana.
However, now looking at the busts in the oil market, maybe it wasn't such a bad thing.
Maybe now we have a chance to talk about a more sustainable type of infrastructure fund.
Maybe bee can have a productive conversation like the one I was privy to during the session where I heard a very fine gentleman from one of our utility corporations lobbying there speaking to some of the more left leaning legislators like myself and asking us would we be able to support some of their legislation where I heard one of our legislators hit him back with, "No, why don't you guys diversify more?
Why don't you guys diversify your portfolios?
What are you guys going to do to remain relevant?"
So when we talk about the third party appraisals and when we talk about not subsidizing, I hope that you guys will look at perhaps using some more of the tax severance revenues and

looking at job retraining for some of the folks that might lose their jobs, and I hope that doesn't happen, but also to consider how we might be able to develop some more sustainable infrastructure in the state of Montana, would be more environmentally friendly and would provide jobs for generations to come, and also I would like to thank you for holding this forum.
I really appreciate it.
[applause]
>> KEVIN BROOKS: We're going to asker for some more folks to come up to the microphones, please.
Microphone #1, Bob Story, James Kingsbury, Arthur Neil, Mike Scott, Kristin Owenray, apologize for that if that's wrong.
Behind microphone number two, Andrew Owenray, Virginia court, Taylor Brown, Taylor Perry or Steve charter.
Thank you all very much.
>> My name is Frank Kromkowski.
I'm here as a concerned citizen and taxpayer from Helena, Montana.
I'm here also as a person who is very moved by the testimony of the miners who talked about what they saw as essential points of their life.
I was especially moved by their fears of losing jobs and of not having anywhere to go.
I do that as a grandson of a miner myself, a miner who moved from Europe to Pennsylvania to work in the mines and then was very happy to get out of the mines because with the mines that we have heard about today, the mine corporations that we've heard about today, their main interest has never been their workers.
Their main interest has been on finding loopholes to have more and more profits.
I can appreciate the people who are dependent upon those kinds of corporate owners and the fears that those have generated.
So I'm glad to hear that the Obama administration is considering updating these nearly 100-year-old royalty rates and possibly reforming the management of coal lease sales.
The public wants a fair share for our public resources, and I think the testimony today and the evidence is that we have not been getting a fair share, but we've been getting a rotten deal.
Based on various maneuvers that other people would -- on a norm -- under normal circumstances call wheeler dealer shyster fraud.
I think that's really what it is.
So when BLM's Coal Leasing Program was first developed I'm sure it had the best of intentions to support public good of all Americans.
But as the years have developed and as strategies have been developed to play this system by the corporations, the mining corporations, I think what we're seeing is that these rules need to be tightened up so that the public can get its fair share.
Now, the Federal leasing program has, in fact, been subsidizing coal companies for a long time.
And I believe in lots of subsidies.
I worked for 30 years for various programs for the state of the Montana that subsidized child day-care for low-income women, something that was really needed and is needed and there's not enough money for that.

I worked for a company -- or a program called the community development block grant program which provided subsidies for low-income people who couldn't pay their -- to have a window put in their house so they wouldn't be cold in the winter.
But in this case what we're talking about is some rules that need to be changed so that these corporations, which are mining Montana's public resources will, in fact, pay their true taxable value and the royalty.
So it's time to change that.
And I thank BLM for beginning that process.
[applause]
>> Thank you for coming and listening to our comments here today.
My name is Eileen Morris, M-O-R-R-I-S, and I'm a native of Billings Montana, born here 83 years ago.
My main message for you today is this: while the initial steps to reform may be difficult to make, people for years after this will be thankful for your foresight and willingness to take action in the present, even in the face of tough choices.
I say this because I've seen firsthand numerous examples of other such crossroads.
Do we make coal companies pay their fair share to the public?
Or do we give them a sweetheart deal based on their faulty claims?
An example of this in Montana is illustrated by the coal severance tax which Tom Tao just previously explained to you.
The severance tax were phased in in 1990, but they didn't produce more jobs.
They didn't produce but 10% over a 25-year period.
And while a severance tax and a Federal royalty tax are two different things, the same principle applies, making coal companies pay the public a fair share of the value of publicly owned coal will not cause the gloom and doom that some here today have claimed.
In my experience, when those in government choose to enforce rules that are intended to protect the well-being of the American people, the outcome is generally better for everyone involved and almost never cause the harm that industry claims it will.
The Federal coal leasing reforms people are asking -- here today -- what they're asking for are changes for the long-term benefit of the American people so that we can get a fair value for a finite resource.
Coal mining will continue for a long time.
The question is, will we the public get a fair share of its value to be used now for the public benefit?
Or will we use our natural resources to build better schools and update our infrastructure?
Or will we let the public's fair share pad corporate pockets?
You heard from senator Barrett earlier today.
Studies have shown that the coal mining companies can afford to pay higher bonus bills and royalties without affecting production or employment.
The coal companies would like to keep their loopholes, but do not let them fool you.
It is not the job of the Federal government to prop up the coal industry.
It is the job that is best for the long term future of Americans.
Thank you.
[applause]

>> My name is [indiscernible] Johnson.
I'm here with the Montana environmental information center.
I'm originally from Bozeman but make my home in Helena tow.
I think it's important to remember we're not just talking about a tax here.
We're talking about a public resource and the right for private companies to mine that public resource.
This is not a tax.
This is a public resource and that needs to be considered.
Now, with the decline of the domestic market for coal, a lot of coal companies have been interested in going overseas where they have an increasing potentially increasing market and more profits and what this has resulted in is the creation of subsidiaries that create captive sales and nonarm length contracts.
There's one study out there that says there's approximately 500 subsidiaries operating in the Powder River Basin.
In 2012, 42% of coal sold in nonarm's length contracts -- was sold in nonarm's lengths contracts and that's up from 4% in 2004.
What we're talking about is regulations out of date, they need to be addressed, and these private companies should not be able to game the system of a public resource.
The Mineral Leasing Act was the Congressional audit that guides this and you as a the entity that leases and collects these are legally obligated and you're in a position of public trust and fiduciary responsibility to implement in this in a fair and just manner.
The specific language says it's intended to obtain for the public a reasonable financial return on assets that belong to the public.
An entity that turns around and sells a product for six times what it was assessed at is not fair.
The royalty should be based on the price paid by the final consumer in order to share that the public is receiving fair market value.
And I would just like to say one thing about climate.
I'm a fisherman.
I have been all my life.
And this year pretty much all my streams and rivers that I love to fish have restrictions on them, record low flows, record-high temperatures, fish are dying.
It's impacting my personal enjoyment of the rivers, it's impacting people who make their lives off the rivers.
Climate change is here and we need to address it.
>> BLM folks, thanks for coming and listening to us talk.
My name is Andy Owenray, a family doctor in Billings, a brand-new doctor and I wanted to talk about climate change which I think is the defining issue of our time and existential threat to humankind and human civilization.
It's not controversial among people who study climate that climate change is happening.
It's here, and that we need to keep the vast majority of the fossil fuels that are known to exist in the ground in order to have an acceptable outcome and in order for society as we know it to continue.
I don't know how the proposed rules would affect whether or not the Federal coal is extracted.

People have said things on both sides.
I don't know.
But I think it is incumbent upon us to do something to try to keep it in the ground.
I recognize and appreciate the concerns of all the people who are worried about their jobs and their livelihood and about their children, but I would ask that people think about the world that their children are going to live in.
If we think about Bangladesh, 150 million people live in Bangladesh, and most of it is less than 40 feet above sea level.
The projections of the ice melting and raising sea levels has Bangladesh being under water within my lifetime, and I feel like -- I know this is coming from a privileged position but when people are worried about their local concerns and not global concerns they're really selling themselves and their neighbors short because to think that having 150 million refugees in Asia is not going to affect their lives is really short sighted and just head in the sand kind of way to go about things.
So I think that we -- we should all come together and realize that we need to do something about climate change, and I hope that the BLM will take the steps to make it so that the coal companies are not able to exploit the market in an unfair way, especially when it comes to the fact that they're trying to build coal exporting terminals in Washington and Oregon.
That coal needs to be valued at its final market value, and hopefully that will be a disincentive to removing it from the ground and burning it and threating everybody and our whole future.
Thank you.
[applause]
>> Good afternoon.
Inspector Lance, chief Elser, Director Connell, Shiloh Hernandez with the western Montana law center and most importantly parent of two.
BLM's coal program is fundamentally flawed and needs to be overhauled.
BLM lease sales and royalty rates are marked by dramatic market failures at each step of the way allowing coal companies adjust the true cost of coal onto public.
It's shortchanging the public to the tune of billions of dollars while subsidizing coal companies whose operations are significantly aggravating the climate crisis.
The subsidies to the coal companies are taxes on the rest of us.
For example, and what I would like to focus on here, the impacts of climate change.
They are apparent to everyone across the American West except apparently Senator Danes and Representative Zinke.
There are crippling droughts, ever lengthening wildfire seasons, ever diminishing snowpack and stream flows and heat waves.
This is our children's future.
This is our present.
Look outside.
These impacts harm every sector of Montana's economy, agriculture, tourism, timber, recreation.
As currently structured BLM's coal program causes more harm than good.
Further, it's inconsistent with Federal climate policy and the President's goal of reducing GHT emissions.

BLM must fix this program.
First, there has to be a time out on additional coal leasing pending a complete re-evaluation of the program.
The western environmental law center requests a moratorium on all coal leasing pending a programmatic NEPA evaluation.
Second BLM must establish lease and royalty rates that account for the impact of climate change.
The interagency Working Group on the social costs of carbon determined that each additional ton of CO_2 emitted causes around $42 of harm.
Numerous studies conclude that actual harm is 10 times that number.
It's simply doesn't make sense to sell Federal coal for a dollar a ton if when it is combusted it causes damages to the public that are 10 to 100 times that amount.
WELC supports BLM's use of a carbon adder on all coal sales based on the social cost of carbon.
This could be phased in to limit disruptions.
And there will be disruptions, regardless of what you do.
The country, the economy and the world are moving past coal.
The public should be responsible for assuring that coal workers are not left behind.
Because we know who is not going to protect coal workers, the coal companies.
Ask Patriot Coal.
In sum, BLM needs to overhaul its coal program.
The public and the atmosphere cannot afford the status quo.
Thank you.
[applause]
>> Good afternoon.
Or should I say good evening?
I see it just struck 5:00.
I'm representative Virginia Clark from Billings and I serve on fish, wild life and parks and also natural resources in the Montana house.
And I do thank you for holding this listening session on coal.
Some of the testimony today reminded me of the fact that my grandfather, who was from England, was a coal miner, came to America and became a Methodist minister but eventually he succumbed to silicosis from his early coal mining days.
I do realize the importance of coal, along with natural gas, wind and solar in the energy picture for our nation.
And the good jobs that coal production does bring to our Montana communities.
But I am concerned about the lack of transparency and accountability concerning the fair market appraisals and the methods used to arrive at the fair market appraisal.
The state of Montana has a proud tradition of opening similar processes for public review and comment.
Public review and comment helps to alleviate any possible aura on secrecy that filters down about the current processes of bidding on coal reserves and extending leases.
The public is very aware that much of our coal is being shipped to markets in Asia, that this coal on public land is mined at a low price for the benefit of citizens -- for little benefit to our

citizens.
It is shipped to export ports and sold to subsidiaries of the same company at a higher rate so that the corporation ultimately receives maximum profit at the expense of taxpayers.
Coal is a finite industry.
The public must be vigilant that fair market value is obtained on this natural resource.
As an agency, the Bureau of Land Management has the task of being stewards of this resource, not only for today, but for future generations, and as stewards, it is an obligation of the Bureau of Land Management to make sure that the public has an opportunity to review potential actions before a bid or a lease is cast in stone.
Thank you.
[applause]
>> Thank you.
Bob Story.
Executive Director of the Montana taxpayers association.
I, too, want to appreciate your taking the time to sit here and listen to this.
In my other life one time I served 16 years in the Montana legislature, and we spent many, many hours sitting listening to public testimony, half of which didn't relate to what the meeting about, but that's where it generally works out.
I also -- you guys have a daunting task apparently.
You have to not only figure out what to do with the royalty issue and the value of coal but you have to solve the social, economic and environmental problems of the world, too, in this process.
So, good luck.
When I started at this process, I thought this was kind of about the money, but I don't think it's about the money.
I think senator Ankeny pointed that out, that BLM's own studies pointed out this won't generate more money.
It's about other things.
Transparency is good.
Public process is good and all that.
And if you can work that into your program, that's fine.
But if the coal business is a profitable as some people say it is, apparently all these companies moving coal through subsidiaries and raking in huge profits and avoiding the royalty, I don't know why you have a competition problem in getting people to bid on leases.
There should be people in this room forming companies and getting in the coal business.
Well, that doesn't happen because what was shown in the original presentation before the program.
A lengthy process of permitting, huge investments in infrastructure to get the coal out of the ground.
Coal in the ground has no value.
Getting it out takes a lot of time and money.
And so that's why you don't have competition for the people bidding on the resource.
People say, well, if we get more money out of these greedy coal companies, then we will pay less taxes.

Some people say that.
Most people say we need more money from these companies so we can provide more services, so we can spend more money at the state, Federal and local levels.
I will tell you from my experience that if you generate more money, nobody's taxes are going to go down opinion you'll probably create more programs, that will still need more money as coal revenues decline tore economies change and people's taxes will have to support those.
So there are a lot of things in the background here that need to be worked on, but the process works as it is.
It's not -- it's not a huge thing one way or the other in the Federal budget, the state budget or local budgets.
Unless the money goes away it will have some effect at the local government.
The money at the Federal level won't be a blip on the radar.
[applause]
>> I'm Taylor Brown, state senator for Senate district 28, which is the district just about a mile south of us here and have represented much of the coal country of eastern Montana during my eight years in the state Senate.
Like senator Story and senator Tao and others spend spent a lot of time in your shoes we appreciate you taking the extra time and the extra moments past what you originally allotted to hear the rest of our comments.
Our state needs a system that will allow us to utilize our resources in the right way.
We need this streamlined system you've heard about today and we need transparency.
It's safe to say from both sides of this issue today there are a great many of us that realize coal is not the long term future for America's energy requirements.
We know that.
But it is now.
Today it is 40% of that income.
And we are geared up to use it today.
We know the technology will improve.
We know we'll have better choices.
But we have to face the reality today that that's not here now.
And China is not even thinking about it yet.
Nor India.
And when we sit here and try to talk about what we can do to change the global issue, when we're not even talking about the many nations that have a lot more people using energy than we do, it's ludicrous to me that we look at your job as maybe being in charge of climate change.
You're not in charge of climate change.
That is not your responsibility.
Climates change.
Now, whether it's due to volcanos or to coal or to my SUV, I don't know, but that's not your job today.
And so I guess it's an issue that all of us think about and we wonder about and we need to focus on.
But about 40% of the coal mined in the U.S. comes from Federal land and out here we are

burdened with a lot of Federal land in Montana and Wyoming but we also have some of the largest coal reserves in the nation.
From my perspective in the state legislature this is an issue that affects more than just the families, the coal families you heard from today or the coal companies.
This is -- this affects our entire state.
We employ about 5,000 people directly in the industry, about 120 million in state revenue.
I firmly believe that it also affects America's effort.
This administration, trying to increases taxes on coal production, is a serious threat to our whole economy because of the way they're doing it, because of the way it's happening.
It's undermining the affordable and reliable energy that's so critical to America's future.
So I urge you to give this your deepest consideration and realize that these changes you're considering have consequences.
I'm just glad you got to see some of the faces and some of the families who will suffer those consequences that you're thinking about here today, and thank you for coming clear to our town to meet them.
[applause]
>> My name is Mike Scott and I'm here on behalf of the Sierra Club today.
Based in Billings, live just south of town, originally from North Dakota.
It was nice to hear all the North Dakota accents today.
We're here today discussing rules that are -- have not been updated in close to 40 years, and in that time, in that 40 years, we've seen a tremendous, tremendous increase in mining in the Powder River Basin.
This tremendous increase was largely due to the fact that environmentalists for years fought for less sulfur dioxide in the air.
In fact, that's the only thing that really makes Powder River coal marketable, is its low sulfur content.
In that time, though, we have learned a tremendous amount about coal in general and this includes Powder River Basin coal, that it has huge impacts on our public health.
It has long-term impacts on our land and water.
And, of course, it is -- the combustion of coal is changing our climate.
These hidden costs of coal are not being accounted for when coal was being paid for by coal companies.
You know, there was a lot of talk today about the industry being in trouble, and I did want to touch on that.
Coal -- there's no doubt a lot of coal companies are in trouble right now.
And executives of these companies will turn blue in the face talking about how regulations are killing their industry.
But if you look at the industry analysts who are actually looking at why these companies are collapsing, poor management is the number one that comes up.
That is not the BLM's fault.
That is not the American public's fault.
It's not our job to fix their management problems.
And yet there are still all of these unaccounted for costs with coal, the result of these company's actions.

So it's time to reform.
And I think we all know it's time to reform.
It's time to adopt royalty rates that compensate the taxpayers for these hidden costs of coal and better prepare us for the future where we have a changing climate.
It's time to close the subsidy loophole.
And it's time to take export markets into consideration when setting market value.
And, finally, it's time to reexamine bonding.
Self-bonding cannot be allowed any more in these companies that prove they can't even manage their own finances.
Frankly if they can't manage their own companies how do we expect them to clean up the mess they leave on public land.
Thank you.
>> My name is Steve Charter.
I ranch above a long wall mine about 50 miles north of here.
Almost all the points in my prepared remarks have been made many times, and so I think I'll just make one point.
In the 1970s my folks and neighbors made a lot of trips back to Washington D.C. to work to get the strip mine reclamation law passed, and before that there really wasn't any reclamation laws and the first time ever saw a coal strip, it was a -- this big long rows of spoil banks, and without the reclamation laws that's what it would be today.
When they were going back, and it was a fight bigger than this fight to get that passed, and the arguments that were being made were just almost exactly the arguments we've heard here today, that if they had to do all these onerous environmental concerns that they wouldn't be able to mine and would put people out of work and we wouldn't get the revenues.
And the people that were making the argument were also the people that were here today.
It was the miners and the people from the towns, and the coal companies have always been very good at getting other people to carry their water for them, and it's not any more true of reclamation than it is true of revenue, that it's in the coal companies' interests to not pay the royalties.
But it's not in anybody else's interests.
A lot of these -- a big percentage of the jobs in these mines are reclamation jobs, and I think we need to remember that, and we need to remember how that came about, and I guess I'd like to end with one thing, there's been a lot of talk about red tape, and as a person that lives over a mine, I would say one person's red tape is another person's protections.
Thank you.
[applause]
>> KEVIN BROOKS: We'll call a few names to join us at microphone #2, please.
John Oslund Kurt Bushman, David Ditloff, Michael O'Leary or Kenneth Coombs?
Is that correct?
>> Hello.
My name is Art Neil.
I am a retiree.
I served our country for three years on active duty with the United States army and then 11

years here in Montana with the Montana National Guard.
In my civilian life I worked 40 years for Montana power company and retired in 1998.
I was with the mining subsidiary of Montana power company, western energy, for about half of those 40 years.
I had the position of President and chief operating officer of western energy.
We had mines at Coal Strip, grass creek Wyoming and June basin lignite mines in Texas.
I'm pleased to present these comments at the listening session, and I thank you, BLM folks, for this opportunity.
My remarks will be mostly philosophical in nature.
Almost everything in this country depends on sources of fossil fuel and fossil fuel-produced electricity.
We became the greatest nation in the world due to the abundance of fossil fuels and the low-cost energy produced from them.
This allowed us to be the world leader in design, innovation and manufacture of leading edge tech nog, in aerospace, the Internet and scientific and medical breakthroughs.
Low-cost energy allowed us to develop the finest military in the world, highest standard of living, and one of the best medical systems to be found anywhere.
Recently there have been many circumstances and forces coming together to cause the cost of energy, particularly electricity energy, to rise.
We should do our very best to keep our energy costs as low as possible while maintaining good resource stewardship and portfolio as diverse as possible.
It behooves us to keep the fossil fuel part of this portfolio free from unnecessary constraints placed upon it.
I believe coal must remain a vital part of our energy mix because it is abundant and can produce the low-cost electricity energy we need.
Please resist efforts to cause the cost of coal production to increase for unnecessary reasons.
I thank you very much for letting me speak, and I thank you, BLMers, for staying here with us until almost supper time and it was very nice and consider other of you.
Thank you.
[applause]
>> My name is David Mernian and I live in forest grove, Montana, and I live off the grid, totally boy choice.
And I don't expect that very many people want to live off the grid and don't expect people to do that.
It's just a choice that I have made.
One of the reasons I made that choice for 42 years I've been very familiar with coal country.
I have friends in coal country, believe it or not.
I'm an environmental activist.
And strangely enough, a lot of my friends in coal country agree with me that ancient Native American cultural sites should be protected from strip mining.
That's one of my issues.
And I'm not Native American.
I'm European American.
But it is one of my major concerns.

Also important, geographic landmarks should be protected.
And again, my friends in coal country, coal strip, Gillette, Colorado, agree with me on that.
They say, it's not going to cost me my job to protect these resources.
I found out in other industries that competitive bidding is one of the keys to smart land use, to good reclamation, to protection of resources, to protection of wildlife habitat, that sort of thing.
I've seen a timber harvest that was granted to one company.
They trashed it out.
It's on public land.
500 and some acres where I live.
One company was granted the bid, and they left it a mess and they got away with it.
And I've seen other logging where three or four companies bid on it and they were held accountable.
The one who got the bid.
And the land is rejuvenating itself.
I think there is something to a competitive bid.
I believe that the public should get a fair share and coal companies should pay a more than a few pennies per ton.
Thank you very much for this opportunity.
I appreciate it.
[applause]
>> Hi, my name is Kristin Owenray, a resident of Billings here and a does it Zen who has long been concerned with the loopholes in Federal coal leases that result in heavily subsidized production of an energy stream that produces astronomical greenhouse gas emissions here as well as in nations that we export to and not to mention the social and melt costs to coal burning, mining and transporting communities.
I urge the Department of the interior and the BLM to manage the public coal supplies for the good of the nation and the world rather than at the behest of industry.
This would necessitate putting an end to single-bidder leases, use of a carbon adder, incorporating transparency and valuing royalties not only on the true market value of the resource, not some internal shill sale, but also incorporating the cost to the nation of mining, transporting and burning that coal, as well as fully and permanently reclaiming the land.
The true cost of negative he can stern Al tease aren't reflected in the pittance the government receives.
This is only exacerbated as subsidized cheap U.S. coal is exported to prop up developing economies who might otherwise find it economical to develop renewable energy sources rather than pay true market values for coal in the global markets.
The U.S. publicly owned coal is contributing to climate disaster worldwide as well as being burned cheaply in countries that don't have adequate air quality regulations to protect their citizens, not to mention the pollutants that waft back to the West Coast of the U.S. destroying our forests and towns, the BLM, DOI, and the current administration are faced with opportunities on many fronts to make a difference on the single-biggest issue facing my generation and the future of our nation, our economy, our environment and our families.
That issue, of course, isn't the national debt, unemployment or school funding, although we

should be doing more on all those fronts.
That issue is a runaway human caused climate disruption that will render the economy and society of the future unrecognizable to us today.
When you look back at your lifetime in public service and look at the young people in your lives in the eye, please feel that you have made the vision and courageous decisions that are necessary for the challenges the future holds to meet those challenges head on and to play the long game.
Rectifying public coal valuations with both market forces and negative externalities incurred to our global community is the first step into a more just future and moving towards that will be the legacy you leave this world.
Please treat that responsibility with the boldness and courage it commands.
Thank you.
>> KEVIN BROOKS: We have a couple other folks have that signed up to speak.
If you would join us at microphone #1.
Richard Rekvay
Sue Olson.
Charlie Schmidt.
>> Good evening.
My name is David [indiscernible].
I'm with the National Wildlife Federation.
I thank you for hosting this listening session.
A lot to cover near the end here.
Some bits I have -- obviously coal mining impacts wildlife.
There's not much wildlife habitat that exists at all, not much wildlife present during an operating coal mine, at least as how they're managed in the Powder River Basin.
Some of the reclamation issues we talked about add to that.
So it becomes a long term wildlife issue here until we get some of these mining sites, a greater share of them fully reclaimed here.
There's a real impact to the wildlife populations here.
Lots has been said about climate change.
But to the extent that the additional coal, mining and burning of that coal, adds to the climate crisis that we have, that's a real impact to our wildlife.
It is kind of without question the overarching biggest issue our wildlife populations are facing across the globe and Montana.
We heard talk about fishing closures.
You will hear it in western Montana in particular impacting me and the outfitting industry, et cetera, et cetera.
Forest fires impacting -- the recreation economy, people going to glacier, not going to glacier now because fire after fire -- big fires seem to be popping up.
Add those things along they add up here for our economy, as well as our outdoor recreation opportunities as Montana citizens.
Wildlife is a public trust asset here.
It should be managed as a trust asset for the public good.
For that matter our air, our water, and our climate are public trust assets as well.

These are non-excludable goods.
They cannot be privatized.
If an excluded elk is behind the fence, that becomes private property.
That's not wildlife anymore.
You take the wild out of that.
And it creates a situation where government agencies, BLM, other regulating agencies need to consider the public good impact to wildlife, to the air, to the climate, to the water as part of your decision-making process.
Looking at right now a lot of the things happening with the subsidization of coal on Federal Lands here, we're kind of going just the opposite.
We've got all these externalities here, we're actually giving them a little break.
If anything we should be adding to that and National Wildlife Federation sure isn't calling for that here, but we believe the rate should be brought up to the 18.75 number here.
Closing loopholes makes a lot of sense here.
Making sure that the leasing process is competitive and really reflects a fair market value is important, and then obviously dealing with the bonding issues to make sure we have enough money to clean up some of these mine sites here and raise the percentage of the numbers that are fully reclaimed.
Appreciate the opportunity to talk today.
Thanks.
[applause]
>> My name is Richard.
I work for cloud peak energy.
I stand between us and -- between us and happy hour, so I shall be as brief as I can.
I would like to talk about some pertinent facts to what we're supposed to be discussing today rather than a lot of other issues.
Cloud peak energy only mines coal on Federal land in the Powder River Basin.
So the accusations that fair share on coal is not being paid are directed precisely against cloud peak energy.
Last year our corporation paid the American people five times more for the coal that we mined than we made.
If that is not fair share, please explain what is.
To put it in more concrete terms that can be readily verified through a number of public sources, a ton of Powder River Basin coal being mined today in Montana sells for about $11.
It costs about $6 to $7 to get it out of the ground.
We may the American people about $4.
If you do the math, you will find that over a third of the final selling price of a ton of coal is paid to the American people for their coal.
I would like the Secretary to respond and tell us all how much is paid to the American people on an ounce of gold mined on public land that sells at $1,100 an ounce.
We pay our fair share.
Allegations of this loophole are nonsense, and I would ask that you turn to page 56 of the energy information administration's most recent coal report of 2013, released in April of this year, in which the EIA clearly shows that the value of coal sold in captive sales, I.E., sales to

coal company subsidiaries, was higher than the value of the coal sold on the open market.
I.E., the American people and the Federal government earned more royalty revenue on captive sales of coal than it did on open market sales.
This is not some Trumped up study by a renewable industry front group.
This is the energy information administration itself making it available, publicly available, easy to obtain.
We pay our fair share, the allegations elsewhere are to drive up the cost of electricity so they can make more money for the billion backers of the administration.
Thank you.
[applause]
>> My name is Michael O'Leary and I'm from Portland, Oregon.
Coming here as I do from the timber-dependent Pacific Northwest where my home is literally a thousand miles away from these mines, there isn't a resident of the Pacific Northwest who can't relate to the challenges of the natural resources economy.
We get it.
Our schools have had the same challenges for decades.
In fact, I'm here to speak up for an additional natural resource economy, our multi-billion dollar sport fishing economy that employs tens of thousands of Oregonians and Washingtonians which is an important part of this national policy debate.
Let me roll that back just a half second and connect it for you.
You know, if you had asked me last year, I would have told you I was totally confident we could bank on the sustainability of our salmon fishery.
But this year something has gone really, really wrong.
This summer we've actually recorded our hottest months of average temperatures ever, and really worse was last winter when we recorded our lowest snowpack levels ever.
Combined, what that meant was that our rivers started with the least amount of cold snowmelt they've had since we've been keeping track, and that those already warm rivers fed with some rainwater then cooked in the sun, and as a result this summer we've suffered unprecedented fish kills where the returning salmon have died in these hot waters long before they could have reached their home waters to reproduce.
Over 250,000 sockeye salmon are tested by ODFW, DDFW to have died before they came in into the estuary.
That's half of the entire run.
We have spent a lot of money recovering that run.
We're not even through August and September, typically our hottest months and when the biggest salmon runs are due to come in.
So these unprecedented losses in salmon production might not only result in the complete shutdown of the fishery four years out, depending howl August and September go, when all of this year's missing fish won't be spawning and won't be returning four years out.
We could really be facing the real disappearance of entire runs.
In the meantime, attempting to mitigate this crisis, state fishery managers already closing down a lot of water to fishing entirely and the remaining rivers every actually close to do fishing after the heat of the day, 2:00 p.m.
You can't do a sunset fly cast anymore.

I mean, this is unprecedented.
The last salmon I catch this summer may indeed be the last of the fishery that my dad and my grandfather taught me about.
It's kind of a trip.
Didn't think would it happen on my watch.
So whatever salmon do survive, and it's possible that we can -- I would say it's probable that salmon will survive but they're going to be corralled and trucked out to sea like in a fish farm or in a zoo.
So it's a fair question about bottom lines.
Please consider the northwest as well.
[applause]
>> Thank you for coming to Montana.
We often are ignored by the rest of the state.
So appreciate you showing up for a hearing.
My name is sue Olson.
I am a rancher near the signal peak mine and I am also a former county commissioner for 18 years.
I will address most of my issues on signal peak mine and the county as far as money and how taxes come in from the mine.
The royalty that signal peak mine paid over four years ago to lease the Federal land underground, they paid $10.7 million for that lease.
And as of now they have not mined on any Federal land whatsoever.
In coming to what else do they pay for taxes, and I have to read all this, so it is correct, the mine pays into the state of Montana the coal severance tax, which is 15%.
They pay the resource indemnity tax.
They pay the black lung tax on domestic coal sales.
They pay the gross proceeds tax.
And they pay a reclamation tax.
When they're mining the coal under the Federal, they will also pay personal property tax on that equipment that is used in mining.
Muscle shell county was a poverty mine before signal peak started its development.
Since then the county has received the benefits of gross proceeds, the Federal lease bonus payment of $1.2 million, which is to be used for infrastructure in the county.
They pay into the RIT tax, which could be used for necessary cleanup of oil sites or mine sites, which it has been used for previous mine sites.
And signal peak gives us the -- has formed a signal peak foundation which gives $300,000 each year to be used for community projects, for scholarships, for county buildings, et cetera.
They are a boom to our county.
When does the mine become the -- income tax become so great it becomes burdensome to the mine?
I grew up alongside the mines in Roundup and no one ever thought they would close but they did.
So let's not put too much burden on the mines.
>> I am I Charlie Schmidt, a junior at Montana tech and a member of the Montana tech SME.

I'm currently studying mining engineering.
I just want to come up, I wasn't planning on speaking today.
I wanted to refute some of the claims made today.
Yes, mines do care about reclamation.
Yes, mines do care about safety.
Maybe not in the days of the anaconda company in butte, but they do now.
Cloud peak energy -- sorry, I just get a little irate.
Cloud peak energy does.
I'm not with cloud peak energy.
Hopefully I get a job from them some day.
Sorry.
But they do have awards in safety and in reclamation, and maybe there's some way that, yeah, if you do close a loophole they're not going to mine there.
They'll find somewhere else that they can go mine.
Or maybe renewable energy -- or the wind and solar energy will all of a sudden come to the top, which will be great for me because that means copper prices will come up.
That's just the way it is.
Sorry, I'm not really prepared.
But that's all I had to say and I want to thank you for having this forum today.
>> KEVIN BROOKS: Are there other folks here that have previously signed up to speak that I've missed your name or mispronounced your name so badly you didn't he think it was you.
Everyone that signed up had an opportunity to speak in thank you all so much for staying late tonight.
We're going to turn the floor back over to Jamie for a minute.
>> Wait, we have one.
>> KEVIN BROOKS: Oh, we have one.
>> Hi, my name is Molly Schwind.
I grew up in coal country.
I am a product of coal strip Montana where I grew up and got to benefit from all the resources that were provided from the coal and power plant industry.
One of the things that I found as a youth growing up there is I'm a fact person, and the thing about wanting to do facts is where am I going to get these facts in so from there I decided to go to school at Montana tech and get an engineering degree because I want to know these numbers.
When pie went to Montana tech, I would wholeheartedly tell everyone I am an environmentalist.
I went to Montana tech and I ended up switching degrees a couple times from geology environmental, and I ended up in mining.
And that was because I ended up back in coal strip for the last 10 years as an engineer, and these reclamation projects that everyone spoke of that aren't happening, that hits home because that is my home, and I designed a lot of those reclamation projects.
Yeah, a lot of them are in phase 5 -- aren't in phase 5 but that's because we have to remove every power foal pole, everything involved in that.
Also the pre-studies is science.

That is water measured.
That is everything taken into a scientific look at.
This is not Butte anymore.
We have a plan and those plans start out to be 20 years pre-mining.
So when everybody said, oh, it takes so long at the end for reclamation, you should see the work that goes into it before the reclamation.
And last, the biggest thing that I think -- you know, I'm kind of going back on some of the environmental things that were brought up, but this is about fair is fair on tax royalties.
And what the coal companies are paying is that 12.5 -- or 12.5%, and what everybody else is saying, they're pocketing the rest, yes there are more regulations on environmental which are fantastic, but those aren't free.
So these coal companies are putting more money into air quality monitoring, water monitoring and other things that weren't brought up today.
So when you are raising those taxes and trying to put on all these extra monitoring and environmentals, it's kind of a balancing act.
I think those environmental regulations are there for a reason and they're doing good, but they cost money and a coal company that's already putting in a fair share of their taxes and as you can see from cloud peak, it was five times more than we put in our pocket at the end of the year, mining is -- it is an expensive, capital-intensive job.
We are proud of the reclamation we do.
But if you increase these royalty rates it's not feasible.
It's not feasible to continue doing our reclamation projects at the extent we are.
A lot of you people, too, who brought up -- I've seen pictures of mines and the reclamation they're leaving the spoils, please contact me later today and I will personally give you a tour and show you the reclamation and the wonderful work than the coal mines are doing, and I can also share some of our information on what we're doing with the money in the community.
Thank you.
[applause]
>> KEVIN BROOKS: I'll give the floor back over to Jamie Connell, please.
>> JAMIE CONNELL: For those folks who have lasted throughout the day I want to thank you for giving us so much time of your day.
For the folks that joined us on line, if you made it through this whole thing online, I don't you should get extra points.
If there is anyone out -- first of all, it's often said that people are far more afraid of public speaking than they are of snakes.
So, congratulations, everyone did a wonderful job, especially on something that can be so passionate, so emotional.
I just thought people did a great job getting their points across.
Thanks to everyone.
If you didn't happen to get up and speak your points here, you can still submit your comments online, obviously.
There's a long, drawn-out Web site but if you go to blm.gov, you can find it.
Just go to "what we do - energy, coal" keep clicking down the line.

If you can't, call a local BLM office.
They will help you figure it out.
From all of us at BLM and to our guests from the Washington Office and all of you that traveled a long way to visit us we want to say thank you for participating and I'm sure there will be more to come after this.
Travel safely.
>> L. LANCE: I wanted to add, too, this is a meaningful day for us.
It means a lot that so many people turned out, so many people were willing to speak or participate or in writing and I think we all learned a lot, and it really means a lot to see that this kind of outreach can work and that we can hear from people who don't agree in a very civil way sitting in the room with each other all day long.
It isn't just something that's personally meaningful to me, it's going to make a difference in the work we're going to do going forward.
I can't thank you enough.
Please tell your friends in the other cities come on down because we would love to have this same kind of meeting in our last three sessions.
So thanks again, and please pass along my thanks to those who had to go and do other things.
It really means a lot.
[applause]
>> KEVIN BROOKS: Thank you all very much.
We're going to exit this way out of the building, and please make sure you get all your personal articles.
Thank you very much.