

United States Senate

Bureau of Land Management “Public Meeting” on the Federal Coal Program

Senator John Barrasso Statement for the Record

Casper Events Center
Casper, Wyoming

Tuesday, May 17, 2016

Thank you for taking the time to travel here today. While I’m pleased you have come to Casper, I restate my request that BLM host public meetings in Gillette and Rock Springs. Communities in those areas will be affected far more by BLM’s decisions than the other communities which you will visit in the next five weeks.

In Wyoming, production of federal coal has enabled thousands of people to achieve the American dream. Production of federal coal provides good jobs for Americans regardless of their educational background.

In 2014, the average annual wages for coal workers in Wyoming was \$83,594. That is almost twice the average annual wages for all workers in Wyoming. And over 60 percent above the average annual wages for all workers in the United States.

In Wyoming, a coal worker’s salary provides financial security. It allows parents to buy a home, save for their children’s education, prepare for their own retirement, and assist their elderly parents. Simply put—coal production provides a level of financial security and social mobility that is unavailable in most of America.

Production of federal coal also provides benefits to the broader public in states across the West. In Wyoming, the production of federal coal has brought billions of dollars to the state and local governments.

In the last decade, ninety-five percent of bonus bid payments paid on federal coal were used to fund the construction of public schools. Thirty percent of royalties paid on federal coal were used to fund the operations of public schools and pay teacher salaries. Fifty percent of royalties paid on federal coal go toward general government operations, including environmental protection, health, justice, public safety, and higher education.

In addition to all of this, coal producers themselves have directly invested billions of dollars into rural communities across Wyoming and the West. This money has been a life blood for much of rural America.

As important as these revenues are, now is not the time for BLM to consider raising bonus bids, rents or royalties on federal coal. I find the fact that the Administration is even asking whether it is getting a fair return on federal coal to be disingenuous at best.

Since day one, the Obama Administration has done all it can to discourage the use of coal in the United States and around the world. Over the last seven plus years, the Department of the Interior, the Environmental Protection Agency, and other federal agencies have issued dozens of new regulations which have made it more expensive to produce and use coal. Through these regulations, the Administration has actively and successfully suppressed demand for federal coal.

As Economics 101 tells us: if demand for a product falls while the supply of that product is constant, prices for that product will decline. That's largely why BLM has failed to hold a successful coal lease sale in Wyoming for the last three years. It's also why demand for federal coal has collapsed over the last three years.

Since 2012, the amount of coal that the federal government has leased is down by 95 percent. With all due respect, I find it extraordinarily hypocritical for the Administration to ask whether it's getting a fair return on federal coal when it has gone to such lengths to suppress demand for coal.

And I find it absurd for BLM to ask whether it's getting a fair return on federal coal when it is unable to find buyers for federal coal now. If the Administration really wants to get a greater return on federal coal, it should reverse course immediately. It should scrap its new regulations on the production and consumption of coal. It should stop artificially suppressing demand for coal in the United States and around the world.

If the Administration took these steps, demand for federal coal would eventually rebound and BLM would see a greater return.

The Administration should also help coal producers access international markets. Three proposed coal export terminals in Oregon and Washington await federal permits. Last week, the Army Corps of Engineers brazenly rejected a coal export terminal without even determining the impacts of the project and whether these impacts could be mitigated.

If the Administration wants a greater return on federal coal, it should reverse the Corps' decision immediately. It should also ensure that the permitting process for coal export terminals is completed in a timely manner. These facilities would allow producers to export federal coal to Asia and offset declining sales in the United States.

Like many in this room today, I don't expect the Administration to reverse course. And I don't expect the Administration to help federal coal producers access Asian markets.

While still a candidate in 2008, President Obama promised to “bankrupt” utilities that use coal. That’s why I view the Administration’s interest in getting a greater return on federal coal with deep skepticism. It appears to be, at best, a charade and, at worst, an effort to end the production of federal coal on a permanent basis.

In January 2010, the combined value of Wyoming’s four largest coal producers was nearly \$23 billion. Today, the combined value of Wyoming’s four largest coal producers is under \$200 million. Three of these producers are in bankruptcy.

Given these numbers and the fact that BLM is having trouble selling federal coal now, it’s inconceivable to me that BLM is considering raising the price on federal coal or restricting exports of federal coal. If anything, BLM should consider *lowering* prices on federal coal and *promote* exports of federal coal.

BLM has said today’s event is intended to solicit public input on the federal coal program. Specifically, to identify issues that BLM will consider in its forthcoming programmatic environmental impact statement.

I think what you will hear today is that— prior to undertaking any so-called reforms to the federal coal program— BLM should consider the impact of any future actions on the jobs in and revenue to communities that produce federal coal.

Listen to the impact that existing regulations have had on those who already have lost their jobs or whose hours have been reduced. Listen to local leaders who have seen a collapse in revenue and slower economic growth. Listen to the concerns of those whose health and family relationships have been strained and who are unable to provide for their

children as they did prior to this Administration.

Before proceeding, BLM should not just consider in isolation the impact of raising prices on federal coal. It should consider the impact of raising prices on federal coal in light of all the Obama Administration's regulations affecting coal as well as current and expected market conditions for coal.

If you do this, you will find that raising prices on federal coal—or restricting exports of federal coal—would devastate communities throughout this state, and, for that reason alone, should be rejected.

Thank you.