

I'm Jim Deutsch, the director of North Dakota Public Service Commission's Reclamation Division, and I'm here at the request of Commissioner Randy Christmann, who had a conflict. The Reclamation Division administers and enforces North Dakota's coal regulatory program that has been approved by OSM. The PSU is also responsible for the more traditional regulation of utilities in North Dakota including electric rates. About 28 million tons of lignite coal is mined in North Dakota, but only about 4 million tons of that is off of federal coal land. All the mining in North Dakota is by surface mining methods. The coal produced in North Dakota is sold on long-term contracts to power plants and Synfuels plant up north of Beulah. As mentioned, these companies have long-term coal supply contracts that most of those still have another 20, 25 years to go. None of the lignite coal in North Dakota is exported out of state. It's all used inside, instate, and these coal-fired power plants are needed to provide affordable and reliable electricity to the residents of North Dakota and neighboring states. I think the BLM needs to understand the federal coal situation is different in North Dakota. It's only about 15 percent of the lands that are on federal land and BLM does not own any of the surface. The rest of it is all either private or state-owned coal. Mining companies when they -- before they sign their contracts, they typically lease all that federal coal or not just the federal coal, but the private coal that is necessary for the life of those contracts. The federal coal leasing comes later, and if they're unable to get the federal coal, they need to bypass those federal coal tracts. But they still have a surface lease to disturb the surface of that, and typically it is for roads, soil stockpiles, and sedimentation piles. If the federal coal ends up getting bypassed in these situations, the federal coal will never be mined in the future, and as a result of this, the federal government and the State of North Dakota loses this royalty and other revenues from that, and the rate of return to the taxpayers becomes zero. Also mining around federal coal, it basically means more private coal has to be mined. So instead of eliminating or reducing the amount, the total amount of coal mined, it's just increasing the cost because typically what happens is they have to close the pit, open a new pit, go around the federal coal tracts, and that increases the cost significantly, and those costs then get passed on to rate-payers. I encourage the BLM to consider this situation as it develops the EIS. Thank you.