

Dept of Interior Federal Coal Leasing Program Study Hearing

Casper WY

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with Northern Plains Resource Council

My name is Tom Tully and I live in Billings MT. I grew up on my family's ranch in the Bull Mountains north of Billings. The ranch was and is underlain by coal that was owned by the Federal Government, and by the Northern Pacific Railroad, under the 1864 Northern Pacific Railroad Land Grant Charter, generally in a checkerboard pattern. That coal has subsequently undergone numerous changes in ownership, and due to difficulties in dealing with the company that ended up with the railroad surface and sub-surface, my family no longer owns that ranch.

In short, the Federal Gov't first transferred ownership of vast amounts of publicly owned land and coal to land grant railroads in the 1800's, and since then the Bureau of Land Management has worked to transfer large portions of publicly owned coal to a handful of coal companies, either through the use of land exchanges or by leasing. The BLM's emphasis has always been in favor of leasing or otherwise transferring coal to mining companies, whether or not it was needed, or in the best interests of the public.

This emphasis needs to change in a number of ways:

- 1) Coal leasing should be based on what's good for the public, not coal companies. This requires that the BLM decide where, when, and how much coal is leased, rather than allowing coal companies to dictate the terms. Furthermore, because there is already more coal leased than can be mined in the *next 20 years* near future, there should be a moratorium on coal leasing while the BLM takes time to revamp the federal coal program.

- 2) Tighten up loopholes that allow coal companies to underpay royalties, in particular, by bookkeeping tricks that allow a company to pay royalties on the price of coal at the mine mouth at a much lower rate than when it is shipped, even when owned by the same parent company.
- 3) Ensure competitive and transparent leasing so that the public knows exactly who is bidding on coal and the terms of the lease.
- 4) Because the rate of reclamation of coal mines in the West lags behind the rate of mining, ensure first that bonding is adequate for reclamation, and that successful reclamation is completed or well under way before leasing more coal.
- 5) Provide more protection for surface owners in the instances of a split estate, and especially before allowing exchanges of split estate coal, regardless of the method used to mine coal. This includes longwall and other methods of underground mining. I would like to thank Secretary Jewell for directing that the BLM issue guidance clarifying that such exchanges should protect private surface owners.
- 6) The BLM should be planning for the orderly decline of coal mining in the U.S. and in the West. Much of the federally owned coal under control of the BLM is interspersed with privately owned coal, or coal owned by the states, so how the BLM manages their coal has a tremendous impact on a contiguous coal field. The BLM should be working to maximize the return to the public rather than giving what is essentially a subsidy to the coal industry. These monies could be used to help communities affected most by the decline of the coal mining industry.

I appreciate the opportunity to testify and would like to enter my testimony into the record.

Tom Tully

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