

MR. LEVERETT: Thank you, Linda. As Linda stated, I'm going to talk just a few minutes about our existing Coal Program. The Federal Coal Regulation Agencies -- the Bureau of Land Management deals with leasing and product verification. The Office of Surface Mining and Reclamation Enforcement deals primarily with mine permitting and reclamation, including bonding for reclamation. The Office for Natural Resource Revenue manages royalty collection and disbursement. And the Mine Safety and Health Administration develops and enforces safety and health rules for the U.S. mine. Some quick statistics on the BLM Coal Program. Currently BLM administers 306 coal leases. Over the past 10 years, BLM lands produced approximately 4.3 billion tons of coal worth over \$63.4 billion. This production generated \$6.8 billion in royalties and \$3.8 billion in rents, bonuses, and other payments. During this time period, BLM held 32 coal lease sales. In 2015, approximately 33.2 percent of the nation's electricity is produced from coal. And 43.5 percent of the coal produced was Federal coal. Eighty-8 percent of that is from the Powder River basin in Wyoming and Montana. This slide shows where the coal basins are in the United States. And the red circle basically shows where the majority of the coal produced on BLM lands are. And that's the Powder River basin and [indiscernible] basin and other basins in that circle. In January, 2016, the Secretary issued a coal pause. And this pause is in place as we do a review of the Coal Program. And this meeting is a part of the beginning of that scoping process for that review. I'd like to just talk for a few seconds about the pause and what it really means. The pause does not apply to existing leases and coal production. And currently there are about 20 years of reserves at current production levels already under lease. Pending lease applications with signed decisions can proceed to sale if requested by the operator. Pending applications without a decision may proceed with [indiscernible] and a fair market value analysis. Mines that need reserves to continue operating may apply for an emergency leasing consideration. And new applications received during the pause that do not meet the emergency leasing criteria or the exceptions in the, in the order will be deferred for processing until the review is completed. We talked about what this Programmatic Environmental Impact Statement is going look at. And those things are laid out in the Secretarial Order 3338. And quickly, that Order talks about wanting to get information on how, when, and where to lease, fair return, climate impacts,

other impacts, social-economic considerations, exports, energy needs, and other potential modifications. How, when, and where to lease? These are some questions that you should consider when you address this question. Should scheduled sales be used? Should market conditions affect the timing of lease sales? Such as sales would occur when coals values are higher rather than during down turns. [Indiscernible] BLM lease are not leased based on consideration of the landscape level view. Should the BLMS [indiscernible] screening criteria adequately address the questions. And where and when not to lease. Fair return. Are the bonus bids, rents, and royalties received under the Federal Coal Program successfully securing a fair return to the American public? How should each of these components of fair return be calculated? And should [indiscernible] be considered as part of the fair return calculation? If so, what specifically, and how? Climate impacts. How can we best measure and assess the climate impacts of continued Federal coal production? And climate impacts from transportation and combustion? What are the potential substitute affects from any changes in the Federal Coal Program? How many BLM -- how may BLM best ensure that no unnecessary undue degradation to the public lands occur from climate change impacts? How do we mitigate, account for, or otherwise address those impacts? And how does the Federal Coal Program relate to the nation's climate objections, as well as its energy and security needs? Under the other impact questions, what are the affects of Federal coal production on water resources, air quality, wildlife, and other land uses, such as grazing and recreation? Are impacts from mining and combusting Federal coal adequately mitigated? Should standard mitigation at the programmatic level be required in addition to on a project-by- project basis? Socio-economic considerations. Does the current program adequately account for externalities related to Federal coal production, including environmental and social impacts? How does the administration, availability, and pricing of Federal coal affect State, regional, and national economies and energy markets in general? And what is the impact of possible program alternatives on the project fuel mix and cost of electricity? Exports. Whether, and if so, how should leasing decision consider actual and our projected exports of domestic coal from any given fact? What potential mechanisms could be used to appropriately evaluate export potential? And energy needs. How does Federal coal support fulfilling the energy needs of the United States? How does the administration, availability,

and pricing of Federal coal impact electricity generation in the United States, particularly in light of other regulatory influences? What other sources of energy supply are projected to be available? We look forward to your comments on these and other important issues related to the Coal Program. Thank you.