MR. AKERS: Thank you for the opportunity to speak today. My name is Pat Akers, I'm the vice president of Surface Mining and Financial Services at Norwest Corporation, an international mining and energy consulting firm based in Salt Lake City. I'm very familiar with the federal coal leasing program, having operated a mine for 20 years where coal produced from federal leases accounted for about half the production. I'm also very familiar with the BLM coal valuation handbook, having prepared several fair market valuations on behalf of the BLM. I'm familiar with coal property valuations in general, having prepared valuations of several coal properties, including some on international standards. The BLM coal valuation handbook is a comprehensive set of rules directed towards establishing the fair market value of any federal coal lease offered for sale. It includes provisions for the qualifications of an evaluation team, a geologic review, a determination of (reporter unable to hear), a mine plan, operating of capital cost estimates, analysis of coal markets and the selling prices, and three different methods of determining fair market value. My comments today focus on concerns about the fair return and market conditions specific to the GAOIG reports, lease sales from one bidder, the discount rate used in the fair market value analysis, the impact of high royalty rates on coal production, lease modifications and the royalty rate reductions, the impact of federal coal sales on coal prices, higher electricity cost if coal is increased. And the lost revenue for Federal Government would be made up by increasing taxes to all Americans. I can see I've got more written here that's going to take more than three minutes. I will provide a written statement later, but today I wanted to hit on one particular issue, the comment in order No. 3338 that notes that about 90 percent of federal coal lease sales receive only one bid and that's typically from the operator of a mine adjacent to the new lease given to a large investment required to open a new mine. Commenters have questioned whether an accurate fair market value can be identified in the absence of a truly competitive marketplace. I will say that based on economics, the owner of the adjacent mine will always have an advantage over other bidders. This is due to the investment the operator has made in infrastructure and equipment that can be used to produce the efficient coal. His cost will be lower than the other bidder because of this investment. Other bidders will need to include this capital, which is hundreds of millions of dollars in their cost, and will need a return on that capital, which will reduce the amount they can afford to pay for the lease. To ensure that the adjacent operator does not take advantage of the Federal Government, the BLM handbook has a special set of valuation rules to determine the minimum bid for these situations. The BLM sets the minimum value in these situations by calculating the value of the mine without the adjacent lease and the value of the mine with the adjacent lease. And the difference between these two values is set as the minimum. This has the effect of transferring all of the profit above the 10 percent discount rate to the Federal Government. I believe I'm out of time. Thanks.