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Federal Coal Exports Costing Public, Fueling Climate Change

In western states, feds ignoring consequences of overseas coal sales

Contact: Jeremy Nichols (303) 437-7663

Additional Contacts:

Kevin Dowling, WORC staff, (406) 252-9672, kdowling@worc.org

Serena Larkin, Sightline Institute, (206) 447-1880 x111, serena@sightline.org

Denver – Despite explosive growth in U.S. coal exports in recent years, and mounting evidence that coal companies plan for even faster export growth, the U.S. Bureau of Land Management (BLM) continues to ignore exports when selling publicly owned coal, [according to a new report](#) by Sightline Institute, produced in collaboration with the Western Organization of Resource Councils (WORC), Northern Plains Resource Council, Powder River Basin Resource Council, and WildEarth Guardians.

In Colorado, where the BLM is planning to sell the [Spruce Stomp coal lease](#) next Wednesday July 30 to a company that intends to export, the issue is front and center.

The new report, “**Unfair Market Value: By Ignoring Exports, BLM Underprices Federal Coal,**” documents how coal companies operating in the Western U.S. have bought federally owned coal for pennies per ton, and are now reselling that coal on international markets for hundreds of times more than they bought it for. The report argues that BLM has consistently sold publicly owned coal to private coal companies at unreasonably low prices—thereby boosting profits for the coal industry while shortchanging the American public by millions of dollars per year and exporting carbon pollution abroad.

“By ignoring potential profits from coal exports, BLM has set prices for federal coal too low,” said Clark Williams-Derry, the study’s author. “Private coal companies are buying federal coal on the cheap—and when market conditions are favorable they can make a killing selling that coal to Asia.”

The report examines seven mining projects in Colorado, Montana, Utah, and Wyoming where mining companies have detailed plans to purchase coal at low prices from the American public, and resell that coal for higher prices on the export market. It also documents efforts by coal companies to purchase new federal coal leases specifically intended to service export markets—and the persistent failure of BLM to consider the profit potential of export sales when setting a price for federal coal.

Next week, the Colorado BLM state office is planning to sell the 8 million ton Spruce Stomp coal lease, which would expand Bowie Resources’ Bowie No. 2 mine in western Colorado. The coal threatens to release more than 21 million tons of carbon when burned.

The report details Bowie Resources' current exports of coal from its mine and highlights that the company is seeking additional export capacity at West Coast ports. Despite Bowie's stated export plans, the BLM has not even acknowledged exports in analyzing and approving the sale of the Spruce Stomp lease.

"The planned sale of the Spruce Stomp lease is case in point that the BLM is not looking out for the public interest when selling federal coal," said Jeremy Nichols, Climate and Energy Program Director for WildEarth Guardians. "Coal exports aren't just undermining taxpayers, they're fueling more carbon pollution at the expense of our climate. We're calling on the BLM to cancel the sale of the Spruce Stomp coal lease and start to take into account the economic and environmental implications of exporting publicly owned coal."

This report is just the latest in a string of critical looks at BLM's coal leasing programs. Last year, the U.S. Department of Interior's inspector general issued a stinging assessment that found that the agency repeatedly set a low bar for coal prices, while systematically overlooking exports when determining the "fair market value" of coal. [The IG report](#) intensified the scrutiny of BLM's pricing practices by Congressional oversight committees.

Earlier this year, a [Government Accountability Office report](#) called the federal coal program "outdated" because it lacks rigor and oversight in deciding the "fair market value" of coal and does not fully consider coal exports despite market changes.

BLM's policy of selling federal coal at rock-bottom prices has helped fuel the coal industry's ambitions to build massive West Coast coal terminals to service Asian markets. These coal export proposals have sparked intense controversy, with many residents of the Northwest objecting to coal trains, coal dust, the climate impacts of coal exports, and the threats to Native American fishing rights and sacred areas.