



HOUSE COMMITTEE ON  
**NATURAL RESOURCES**  
CHAIRMAN BRUCE WESTERMAN

**To:** Subcommittee on Energy and Mineral Resources Republican Members  
**From:** Subcommittee on Energy and Mineral Resources staff: Ashley Nichols  
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**Date:** Wednesday, July 12, 2023  
**Subject:** Oversight hearing titled “*Examining the Biden Administration’s Record on Federal Coal Leasing*”

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The Subcommittee on Energy and Mineral Resources will hold an oversight hearing titled “*Examining the Biden Administration’s Record on Federal Coal Leasing*” **on Wednesday, July 12, 2023, at 10:15 a.m. EDT in room 1324 Longworth House Office Building.**

Member offices are requested to notify Lonnie Smith ([Lonnie.Smith@mail.house.gov](mailto:Lonnie.Smith@mail.house.gov)) by 4:30 p.m. on Tuesday, July 11, if their Member intends to participate in the hearing.

## **I. KEY MESSAGES**

- Coal is a necessary component of American energy security, providing affordable, reliable power to the grid and thousands of stable jobs across the country.
- The United States contains vast amounts of coal, with the U.S. Energy Information Administration estimating recoverable coal reserves at around 251 billion short tons.<sup>1</sup>
- The Department of the Interior’s (DOI) Bureau of Land Management (BLM) is responsible for coal leasing on over 570 million acres of federal land,<sup>2</sup> and coal mining and mine reclamation are regulated by the Office of Surface Mining Reclamation and Enforcement (OSMRE). Consequently, policy decisions have a major impact on federal coal production in the United States.
- The Biden administration has taken repeated action to halt and hinder coal production on federal lands. These anti-energy decisions have created major uncertainty for operators and coal communities alike, and have jeopardized our nation’s energy reliability, thousands of well-paying jobs, and millions of dollars in revenue across the U.S.

## **II. WITNESSES**

- Mr. Randall Luthi, Chief Energy Advisor, Office of the Governor, State of Wyoming, Cheyenne, WY
- Mr. Matthew Adams, Vice President and Senior Tax Counsel, Navajo Transitional Energy Company (NTEC), Broomfield, CO
- Mr. John Driscoll, Director and Chief Executive Officer, Port of Mobile, Alabama Port Authority, Mobile, AL

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<sup>1</sup> U.S. Energy Information Administration, “How much coal is in the United States,” <https://www.eia.gov/energyexplained/coal/how-much-coal-is-left.php>.

<sup>2</sup> U.S. Bureau of Land Management, National Coal Statistics Table, <https://www.blm.gov/programs/energy-and-minerals/coal/coal-data>.

- Ms. Sara Kendall, Interim Executive Director, Western Organization of Resource Councils, Washington, DC [*Minority witness*]

### III. BACKGROUND

#### *Recent Administrative Actions Regarding the Federal Coal Program*

New federal coal leasing has been interrupted several times during both the Obama and Biden administrations. On January 15, 2016, President Obama’s then-Secretary of the Interior Sally Jewell initiated a Programmatic Environmental Impact Statement (PEIS) to examine the supposed environmental impacts of federal coal production, issuing a moratorium on new leasing until the study’s completion.<sup>3</sup> The following year, President Trump’s then-Secretary of the Interior Ryan Zinke found the PEIS to be “costly and unnecessary” and lifted the moratorium.<sup>4</sup>

However, the federal coal program experienced another reversal just a few years later under the Biden administration. On April 16, 2021, Secretary of the Interior Deb Haaland issued Secretarial Order 3398, once again putting a pause on coal leasing and directing a new review of the federal coal program.<sup>5</sup> On August 12, 2022, a federal judge ordered the BLM to fully reimpose the Obama-era moratorium on new leasing. On May 1, 2023, DOI announced its intent to initiate yet another environmental impact statement (EIS) to evaluate the impacts of maintaining or revoking the coal moratorium,<sup>6</sup> even though no EIS was required to implement the 2016 moratorium in the first place. The repeated stoppage of coal leasing by Democrat-led administrations indicates ideologically driven interference and has made the future of coal production from federal coal leases very uncertain.

Even in circumstances where the leasing moratorium does not apply, the Biden administration has delayed and otherwise hampered coal production on federal lands. One example is the Warrior Met Coal project, headquartered in Brookwood, Alabama. Warrior Met has two active coal operations producing metallurgical (“met”) coal, primarily used for steelmaking, as opposed to thermal coal used for fuel. Warrior Met plans to expand its operations, producing new resources that are excluded from the moratorium. Scoping for this expansion, known as a lease-by-application (LBA) process, began on August 10, 2014.<sup>7</sup> Despite the publication of a draft environmental assessment and draft finding of no significant impact on August 20, 2020,<sup>8</sup> this LBA has still not received approval. BLM currently lists the LBA as “paused.”<sup>9</sup>

Another example of administrative delay is the mine plan amendment for the Black Butte mine, located in Point of Rocks, Wyoming. This mine plan amendment, required to expand operations

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<sup>3</sup> U.S. Department of the Interior, press release, “Secretary Jewell Launches Comprehensive Review of Federal Coal Program,” January 15, 2016, <https://www.doi.gov/pressreleases/secretary-jewell-launches-comprehensive-review-federal-coal-program>.

<sup>4</sup> Dylan Brown, “Zinke ends coal ban, creates panel to review royalties,” E&E News, March 29, 2017, <https://subscriber.politicopro.com/article/eenews/1060052294>.

<sup>5</sup> U.S. Department of the Interior, ORDER NO. 3398, April 16, 2021, [https://www.doi.gov/sites/doi.gov/files/elips/documents/so-3398-508\\_0.pdf](https://www.doi.gov/sites/doi.gov/files/elips/documents/so-3398-508_0.pdf).

<sup>6</sup> 88 FR 26588.

<sup>7</sup> [https://www.blm.gov/sites/default/files/docs/2022-02/ALES-55797%20BLM%20ES%202022\\_0.pdf](https://www.blm.gov/sites/default/files/docs/2022-02/ALES-55797%20BLM%20ES%202022_0.pdf)

<sup>8</sup> Bureau of Land Management, BLM National NEPA Register, ALES- 55797 LBA Warrior Met Coal Mining, Documents, <https://eplanning.blm.gov/eplanning-ui/project/53496/570>.

<sup>9</sup> Bureau of Land Management, BLM National NEPA Register, ALES- 55797 LBA Warrior Met Coal Mining, <https://eplanning.blm.gov/eplanning-ui/project/53496/510>.

by an additional 9.2 million tons of coal, was submitted in 2019 and approved by the state on January 15, 2021.<sup>10</sup> Despite this approval over two-and-a-half years ago, the plan amendment has yet to be approved by DOI. Concerns about these delays were summarized by Governor Mark Gordon of Wyoming in a letter to Secretary Haaland, stating in part that the Office of Surface Mining Reclamation and Enforcement (OSMRE):

“... has continually requested more information for completion of their review and approval, and apparently have deliberately delayed processing the application... After several reviews/approvals by the Office of the Solicitor, the approval appears to have stalled. At this time, the coal within the proposed federal mine plan amendment has been through three NEPA reviews. All of which are complete.”

### *The Role of Coal in Energy Reliability*

Coal is a critical contributor to one of the key aspects of a modern energy grid – reliability. The global energy shortage of 2021 was exacerbated by the Russian invasion of Ukraine in February 2022,<sup>11</sup> culminating in a spike in energy prices and demand both in the United States and abroad. The need for affordable baseload power will only increase as more intermittent energy sources, such as wind and solar power, are added to the grid. Increasing the percentage of renewables in the energy sector will require substantial, ongoing baseload power to avoid blackouts and brownouts.<sup>12</sup>

Furthermore, the energy crisis and the impacts of Russia’s continued aggression in Ukraine created a major shortage of available natural gas. This prompted the need for significant fuel-switching and an increased reliance on coal as a fuel source to help meet demand. As a result, coal use in Europe rose precipitously in 2022, as renewable energy sources like wind and solar were unable to make up for the lack of Russian gas following the invasion.<sup>13</sup> Some European coal plants that had been shuttered had to reopen to prevent power shortages.<sup>14</sup> For instance, coal provided around 10 gigawatts of power in Germany, accounting for about one-third of the nation’s energy supply by the end of 2022.<sup>15</sup> Coal is also the largest power source in Asia,<sup>16</sup> considered the backbone of electricity systems for developing nations in the region.<sup>17</sup> The United States has the capacity to help meet demand in both the thermal coal and met coal markets; 84.8 million short tons of coal were exported from the U.S. in 2022, 45 percent of which were thermal coal and 55 percent of which were metallurgical coal.<sup>18</sup>

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<sup>10</sup> Letter to Secretary Deb Haaland, Department of the Interior, from Governor Mark Gordon, State of Wyoming, April 25, 2023. <https://republicans-naturalresources.house.gov/UploadedFiles/Govlethaalandbbmine4-25-23.pdf>.

<sup>11</sup> International Energy Agency, Report, “Global Energy Crisis,” <https://www.iea.org/topics/global-energy-crisis>.

<sup>12</sup> Shellenberger, Michael, “Renewable Energy Boom Risks More Blackouts Without Adequate Investment In Grid Reliability,” Forbes, April 20, 2021, <https://www.forbes.com/sites/michaelshellenberger/2021/04/20/why-renewables-cause-blackouts-and-increase-vulnerability-to-extreme-weather/?sh=48c8ae084e75>.

<sup>13</sup> International Energy Agency, Report, “Coal 2022,” December 2022, <https://www.iea.org/reports/coal-2022/executive-summary>.

<sup>14</sup> International Energy Agency, Report, “Coal 2022,” December 2022, <https://www.iea.org/reports/coal-2022/executive-summary>.

<sup>15</sup> Fokuhl, Josefine and Gillespie, Todd, “Germany Revives Coal as Energy Security Trumps Climate Goals,” Bloomberg, December 21, 2022, <https://www.bloomberg.com/news/articles/2022-12-22/germany-returns-to-coal-as-energy-security-trumps-climate-goals>.

<sup>16</sup> International Energy Agency, coal factsheet, updated Oct 12, 2021, <https://www.iea.org/fuels-and-technologies/coal>.

<sup>17</sup> International Energy Agency, Report, “Coal 2022,” December 2022, <https://www.iea.org/reports/coal-2022/executive-summary>.

<sup>18</sup> Energy Information Administration, “U.S. coal exports remained relatively unchanged between 2021 and 2022,” March 28, 2023, <https://www.eia.gov/todayinenergy/detail.php?id=55980#:~:text=In%202022%2C%2084.8%20million%20short,metallurgical%20coal%20accounted%20for%2055%25>.

## *State and Local Economic Impacts*

Impediments to federal coal production have economic impacts at multiple levels of government. Under the Mineral Leasing Act, about half of all federal revenues from onshore oil, gas, and coal production are returned to the state in which they are produced. Consequently, coal revenues provide significant funds to both the U.S. Treasury and state budgets. Coal operations also support economic growth and employment opportunities in communities nationwide. Blocking or substantially delaying coal production deprives taxpayers, states, and local communities millions of dollars in revenues and thousands of good-paying jobs.

One of the clearest examples of these benefits is to the state of Wyoming, the nation's largest producer of federal coal. In 2022, coal production in Wyoming generated total revenues of \$414.6 million.<sup>19</sup> Revenues from energy production, including coal, are used for a host of state services, including school funding. Wyoming's mineral wealth has allowed it to spend approximately \$16,751 per student per year, compared to the national average of \$13,494 per year in student spending.<sup>20</sup> Just as robust coal production supports the economic wellbeing of the state, blocking production is harmful. Every 5 percent decrease in coal production creates an adverse economic impact of an estimated \$24.9 million.<sup>21</sup>

The production and export of met coal in Alabama is another example of local economic benefits from coal. The Warrior Met project, detailed previously, supports over 850 employees<sup>22</sup> with an average salary of approximately \$90,000.<sup>23</sup> This project is also the single largest customer of the Port of Mobile.<sup>24</sup> In a letter to then-Senator Richard Shelby (R-AL), Director John Driscoll of Port of Mobile said, "McDuffie Coal Terminal operations at the Port of Mobile created more than 2,000 jobs directly and a direct revenue impact of more than \$350 [million]," according to an economic study in 2021.<sup>25</sup> Expansion of current coal production in the vicinity could create even greater economic benefits at the local and state level.

Committee Republicans have taken action to establish certainty in the coal leasing process in the 118<sup>th</sup> Congress. For example, H.R. 1, the "*Lower Energy Costs Act*" (Rep. Scalise), which passed the House in March of 2023, included language requiring the Department of the Interior to issue pending applications to expand federal coal operations. This hearing will examine the need for these operations and the important role that coal plays in providing reliable, affordable energy to Americans and our allies.

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<sup>19</sup> U.S. Department of the Interior, Office of Natural Resources Revenue, <https://revenue.data.doi.gov/query-data/?dataType=Revenue#>.

<sup>20</sup> Grant, Keith, "Wyoming's education system: a success story with leaders treading lightly to maintain the prosperity," KEVN Black Hills Fox, February 27, 2023, <https://www.blackhillsfox.com/2023/02/28/wyomings-education-system-success-story-with-leaders-treading-lightly-maintain-prosperity/>.

<sup>21</sup> Wyoming Energy Authority, <https://wyoenergy.org/wp-content/uploads/2023/06/FINAL-WEA-Comments-Federal-Coal-EIS.docx.pdf>

<sup>22</sup> Warrior Met Coal, Quick Facts, <https://warriormetcoal.com/about/>

<sup>23</sup> Letter from John Driscoll, Director and CEO, Port of Mobile, to Senator Richard Shelby, December 12, 2022. [https://republicans-naturalresources.house.gov/UploadedFiles/APA\\_Shelby\\_Warrior\\_Met\\_Support\\_Letter.pdf](https://republicans-naturalresources.house.gov/UploadedFiles/APA_Shelby_Warrior_Met_Support_Letter.pdf).

<sup>24</sup> *Id.*

<sup>25</sup> *Id.*