



COMMITTEE QUESTIONS

THE HOUSE OF REPRESENTATIVES COMMITTEE ON NATURAL RESOURCES

SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES

LEGISLATIVE HEARING ON:

H.R. 7882

March 31, 2026

Committee Questions:

- 1) In your estimation, what percentage of coal projects are not undertaken due to high upfront costs under bonus bid repayments?

Currently, there are two pending lease sales in the Powder River Basin (PRB). Approximately 35% of existing mine operations will require new mineable reserves by 2032–2033 to maintain economic strip ratios (amount of overburden or dirt above the coal) at an annual production rate of 200 million tons. If demand increases to 230–250 million tons per year, this timeline accelerates, necessitating new mineable leased reserves as early as 2030–2031. The current five-year Bonus Bid payment structure (43 CFR 3422.4 Subpart C) presents a significant financial barrier and represents a sunk up-front cost for operators. H.R. 7872 proposes extending this payment period to ten years. This modernization would allow operators to generate income from new leases during the latter half of the payment term, reducing financial risk and incentivizing the acquisition of new coal leases. In addition to Bonus Bid reform, there is a clear need to increase transparency and modernize the methodology used to calculate the Fair Market Value (FMV) of coal.

- 2) Would lengthening the timeline for bonus bid repayment increase investment in coal? If yes, how would it do so?

Yes, the ten-year payment term provides mine operators the opportunity to generate income from a new lease during the later years of the Bonus Bid payment term. This frees up capital for future investment in additional leases. In addition, generating revenue from a new lease while paying Bonus Bid installments allows for more favorable investment and credit terms.