



WRITTEN TESTIMONY OF KYLE J. WENDTLAND

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BEFORE

THE HOUSE OF REPRESENTATIVES COMMITTEE ON NATURAL RESOURCES

SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES

LEGISLATIVE HEARING ON:

H.R. 1555, H.R. 5639, H.R. 7831, H.R. 7872, H.R. 7882

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Good morning, Chairman Stauber, Ranking Member Ansari, and members of the House Subcommittee on Energy and Mineral Resources. My name is Kyle J. Wendtland, and I am the Deputy Director of the Wyoming Energy Authority (WEA). I greatly appreciate the opportunity to talk with you about the importance of coal leasing and Bonus Bids to Wyoming and our nation, and how they provide energy security and affordability.

The purpose of my testimony today is to examine H.R. 7872, which proposes changes to the manner in which coal Bonus Bids are paid to federal and state governments.

Wyoming Coal Bonus Bid Background:

Wyoming's surface coal mines are unique nationally and internationally in both size and scale. These mines boast world-class safety, environmental stewardship, reclamation, operational efficiency, and environmental performance records. In 2025, Wyoming mines produced 40% of the nation's coal used for reliable, dispatchable, and affordable baseload thermal energy.

The Federal Mineral Leasing Act (FMLA) of 1920, as amended, established the framework for leasing coal and other energy minerals owned by the federal government and administered on federal lands. The Bureau of Land Management (BLM) within the Department of the Interior (DOI) is charged with overseeing the coal leasing program, which includes a competitive bidding process (Bonus Bid) for

coal leases. The Bonus Bid system was put in place to encourage a competitive bidding process above the BLM non-disclosed Fair Market Value (FMV) for a defined federal coal tract. Since 1990, all federal coal leasing in Wyoming has been conducted under the Lease by Application (LBA) and competitive Bonus Bid processes. The lease applicant Bonus Bid is accepted only if it exceeds the FMV established internally by BLM, which is confidential. It is important to recognize that the Bonus Bid is exactly as its name suggests: a bonus paid to federal and state governments on top of all other rents, fees, taxes, and royalties when a coal tract is leased from the federal government. The Bonus Bid is an additive up-front cost to the development of a federal coal resource.

The Bonus Bid must be paid in five equal installments, with the first instalment due at the time the winning bid is placed. In Wyoming, Bonus Bids generated \$4.7 billion in state and \$4.9 billion in federal revenues from 2003 to 2024¹.

Following the passage of the Clean Air Act (CAA) in 1970 (revised in 1977) and the Surface Mine Control and Reclamation Act (SMCRA) in 1977, the coal industry was rapidly expanding in Wyoming due to extensive low-sulfur coal reserves in the Powder River Basin (PRB). Mining operators leased coal tracts using the LBA process; Bonus Bid revenue was split 50/50 between the federal and state governments, less a 2% transaction fee paid by the state. It is worth noting that the 2% transaction fee has been a point of contention between the states and the federal government since the early 1980's. Wyoming chose to allocate its share of Bonus Bid revenue to fund K-12 Capital Construction needs across the state. Bonus Bid revenue in Wyoming remains reserved for this purpose today, when available.

In the late 1970's and 1980's, the coal industry was rapidly expanding, and receiving Bonus Bid revenue in a short time frame to build out new K-12 infrastructure was important for supporting the community needs of rapidly increasing populations in coal communities. Mining companies were generally leasing at the same time and at a similar pace; this resulted in years with high Bonus Bid Revenue and years with low or no Bonus Bid Revenue due to the required FMLA five-year payment period². This created a boom-bust revenue stream as the Bonus Bid program matured over time. Mining companies moved towards maintenance tract leasing in the late 1990's to support the established mine infrastructure; permitting times became considerably longer, and access to capital markets changed substantially since the early 1980's. These changes over time have made the current five-year Bonus Bid payment system cumbersome and outdated.

¹<https://revenue.data.doi.gov/explore/?dataType=Production&period=Calendar+Year&mapLevel=State&offshoreRegions=false&location=NF%2CNA&year=2024&commodity=Coal+%28ton%29>.

²US Department of Interior, Bureau of Land Management, Coal Data, <https://www.blm.gov/programs/energy-and-minerals/coal/coal-data>

Modernizing the Bonus Bid Payments:

As it is currently structured in the FMLA, the lease bidding and five-year Bonus Bid payment process has become a significant barrier to leasing and developing new needed federal coal reserves. As proposed, H.R. 7872 modernizes the structure of Bonus Bid payments to today's coal market and changes the five-year payment term system to a ten-year term. This longer ten-year payment term does not result in any diminished returns to federal and state governments, as it does not lessen the amount of the required lease payments; it simply lengthens the payment term.

The ten-year payment term is favorable to Wyoming in funding future K-12 capital construction needs; it would have a leveling effect on payments to the state over a longer period, resulting in more predictable, stable income over time. At this time, K-12 infrastructure expansion resulting from new coal mine development has largely been completed. The needs moving forward are related to the selection of a school replacement and to the maintenance requirements of existing facilities. A more stable, predictable income stream is easier to budget for moving forward when Bonus Bid revenue is available rather than a boom-and-bust income stream.

Permitting new reserves for an existing coal operation using the established LBA process has become a protracted and expensive process over the past 50 years. For a federal coal tract to be put up for sale, it will have completed the following minimum process³:

1. PRE-APPLICATION & RESOURCE PLANNING
 - a. Resource Management Plan (RMP) Review & Amendment
 - Coal leasing must conform to the Bureau of Land Management (BLM)'s RMP.
 - Coal screening under 43 CFR 3461 applies 20 unsuitability criteria.
 - Tribal consultation, NEPA scoping, and public input occur during the RMP process.
 - b. Identify Suitable Coal Tracts
 - Companies may identify coal tracts independently or in consultation with BLM.
 - Must avoid bypassing federal coal and demonstrate economic viability.
2. LEASE INITIATION PROCESS
 - a. Step 1: Lease-by-Application (LBA) Submission
 - Submit a formal application to the BLM under 43 CFR 3425.
 - Requires geologic data, maps, tract configurations, and legal

³ Wyoming Energy Authority, Wyoming Coal Study, Prepared by Energy Ventures Analysis, February, 2026: <https://wyoenergy.org/wp-content/uploads/2026/02/Wyoming-Coal-Study-Final-Report-Public.pdf>

descriptions.

- Enter into a cost-recovery agreement with BLM for processing costs.

b. Step 2: Regional Coal Team (RCT) Review (Powder River Basin Only)

- For Powder River Basin (PRB) leases, the RCT holds a public meeting to recommend whether the tract should proceed.

3. ENVIRONMENTAL REVIEW & COORDINATION

a. Step 3: NEPA Environmental Analysis

- BLM leads Environmental Impact Statement (EIS) or Environmental Assessment (EA).

- Must analyze direct, indirect, and cumulative impacts, including only direct GHG emissions, i.e., those associated with on-site operations, transport during extraction, or land disturbance-related emissions, market demand, and alternatives.

- Public comment period of 45 days minimum required.

- Page limits: 150–300 pages, depending on complexity.

b. Step 4: Agency Coordination

- Key stakeholders:

- BLM (leasing authority)

- OSMRE (mining plan approvals)

- EPA (Clean Air & Water Act permits)

- WY DEQ (surface and subsurface permitting)

- US Army Corps of Engineers (Section 404 for waters)

- Tribal Governments (government-to-government consultations)

4. TRACT VALUATION & COMPETITIVE SALE

a. Step 5: Tract Delineation

- Finalize tract boundaries and configurations.

- Amend land use plans if necessary.

b. Step 6: Record of Decision

c. Step 7: Fair Market Value (FMV) Determination

- BLM calculates a confidential FMV using economic modeling.

- Bidders must meet or exceed FMV in a sealed competitive sale.

d. Step 8: Lease Sale

- Announced via Federal Register and local notices.

- Public auction by sealed bid; the highest qualified bid over BLM established FMV wins.

- Pay bonus bids, rental fees, and royalties

e. Step 9: Lease Issuance

- Lease is awarded to the highest qualified bidder.

- Lessee must:

- Post performance and reclamation bonds

- Begin diligent development within 10 years or risk lease cancellation.

Following a successful coal lease acquisition, a company must then navigate the permitting process as follows:

1. POST-LEASE: MINE PERMITTING AND OPERATIONS
 - a. Step 10: State-Level Permitting
 - Wyoming DEQ issues:
 - Surface coal mining permits (max 5-year term)
 - Reclamation and water quality plans
 - Game and Fish reviews wildlife impacts.
 - b. Step 11: Mining Plan Approval (OSMRE)
 - A separate NEPA review by OSMRE for the mine plan.
 - OSMRE recommends final approval to the Assistant Secretary for Land and Minerals Management.
 - Must conform with Surface Mining Control and Reclamation Act (SMCRA).
 - c. Step 12: Clean Air & Water Act Permits/amendments (EPA & DEQ)
 - PSD (air quality) and NPDES (water discharge) permits may be required.
 - EPA may veto Section 404 dredge/fill permits if environmental harm is significant.

It is important to consider that the Wyoming Department of Environmental Quality (WDEQ) has regulatory primacy over the coal program and has developed an effective and timely permitting process. The delays in permitting new coal reserves have occurred at the federal level. The requirement for a third NEPA review (l. b. Step 11) to approve a Federal Mine Plan (FMP) that has received state approval has become a substantial hurdle in the FMP approval process. A recent example was the time required to approve the Black Butte Mine coal lease. The WDEQ-approved mine permit amendment added 450 acres of surface area and 9.2 million tons of coal to the approved 43,384-acre mine permit⁴. The WDEQ approved the mine permit amendment in 2021, and OSMRE finally approved the FMP on September 9, 2025—a four-year delay in completing oversight approval of a primacy state program permitting action.

The complexity, length, and upfront expenditure of millions of dollars, with no guarantee of a successful sale and acquisition of a federal coal tract, have added uncertainty and risk for mining companies seeking to lease new reserves. The five-year payment requirement for the lease Bonus Bid has further discouraged the sale of new federal coal leases. Under the current process, the timeline for permitting

⁴ Wyoming Energy Authority, Wyoming Coal Study, Prepared by Energy Ventures Analysis, February, 2026: <https://wyoenergy.org/wp-content/uploads/2026/02/Wyoming-Coal-Study-Final-Report-Public.pdf>

and approval of a new coal lease after the award of a lease tract can delay mining by as much as 7 to 10 years. This means companies must finance the Bonus Bid payments as an up-front sunk cost long before revenue is generated from the sale of new leased coal. H.R. 7872 reduces some of this uncertainty and risk by extending the payment period to ten years and providing mine operators the opportunity to generate income from the new lease during the later years of the Bonus Bid payment term. Lengthening the Bonus Bid payment term to 10 years will also have a positive effect on companies that require investment capital to acquire a new coal lease. Generating revenue from a new lease while paying a portion of the Bonus Bid provides the opportunity for more favorable investment and credit terms.

Summary:

In summary, the need for reliable, affordable, and dispatchable thermal coal-fired baseload power will continue. The demand from the public, economic expansion, and data centers for energy is not decreasing; in fact, it is outstripping power production. A recent briefing by the Southwest Power Pool (SPP) on March 18, 2026, projected that SPP's ten-year new load forecast is 110 GW. The need for grid stability has never been greater, and baseload coal generation fills that need; coal plants are the battery. When analyzing the top and bottom five U.S. states by their average electric retail rate in 2024, one thing quickly becomes clear. Three of the top five (and seven of the top ten) have a coal generation share higher than the U.S. average, while none of the bottom five (and none of the bottom ten) have a coal generation share higher than the U.S. average⁵. Securing the fuel supply to meet this demand for affordable, reliable, and dispatchable power is imperative. H.R. 7872 would have a positive effect on coal leasing, ensuring the fuel supply needed to meet the nation's current and future energy demand is available.

In closing, I would like to thank the committee again for the opportunity to submit this testimony and to appear before you today.

⁵ Wyoming Energy Authority, Wyoming Coal Study, Prepared by Energy Ventures Analysis, February, 2026: <https://wyoenergy.org/wp-content/uploads/2026/02/Wyoming-Coal-Study-Final-Report-Public.pdf>