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COAL: Wyo. lease decision suggests BLM may expand Powder River Basin mining

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By approving the future sale of 410 million tons of coal in Wyoming's Powder River Basin, the Obama administration may have hinted at how it will manage an additional 4.5 billion tons of federal coal currently sought by mining companies in the region, observers say.

The decision last week by the Bureau of Land Management cleared the way for Cloud Peak Energy Inc. to expand operations at its Antelope surface mine about 50 miles north of Douglas and is the first federal coal lease approved in the basin since 2007.

The decision allows for two competitive leases covering a combined 4,800 acres west of Cloud Peak's current operations at Antelope, which produced 36 million tons of coal in 2008 and is the fifth largest coal mine in the country.

If leased, the coal would extend operations at the mine by about 10 years, BLM officials said.

The lease approval came amid protests from environmental groups that coal mined from the area would release more than 720 million tons of carbon dioxide (CO_2) when burned in coal-fired power plants and thwart the administration's goal of reducing greenhouse gas emissions.

"This was a test case of the Obama administration in some regards," said Shannon Anderson, an organizer with the Powder River Basin Resource Council, a landowner group in Sheridan and one of five groups that sent comments to BLM opposing the Antelope lease.

The Cloud Peak lease, known as a "maintenance tract," is one of 13 coal leases companies are requesting BLM make available in order to sustain coal production in the basin.

The remaining leases cover more than 35,000 acres and contain nearly 4.5 billion tons of coal, according to BLM.

The Powder River Basin currently produces more than 400,000 tons of coal per year, which when burned accounts for about 14 percent of U.S. CO_2 emissions, according to the agency.

Opening the floodgates?

Environmentalists say they fear the Antelope lease decision suggests BLM will give favorable reviews to the remaining lease applications in the basin.

"It sets a disturbing precedent in this age of awareness of global warming," said Jeremy Nichols, climate and energy program director at the nonprofit group WildEarth Guardians.

By the end of the summer, BLM is expected to issue a decision for its South Gillette Area proposal, which would lease 827 million tons of coal covering more than 8,000 acres next to the Belle Ayr, Coal Creek, Caballo and Cordero-Rojo mines, Nichols said.

And in March, the agency issued a draft environmental impact statement approving a request by Kiewit Mining Properties Inc. to lease 420 acres containing 54 million tons of coal near the company's Buckskin Mine in Campbell County.

"The BLM is just going to follow business as usual," Nichols said, adding that his group may challenge the Antelope decision through the Interior Board of Land Appeals. "Clearly, they have every intention of cranking out as much coal out as they can."

In addition to climate concerns, Nichols said coal leasing in the Powder River Basin, which was decertified as a "coal production area" in 1990, discourages competitive bidding because it allows individual companies to decide the boundaries of leases.

Of the 21 lease sales BLM has held since 1990, only three have garnered more than one bid, he said.

"It's supposed to be a competitive leasing process, but it's not that competitive when you get down to it," Nichols said.

Anderson, whose group represents about 1,000 landowners, said BLM's record of decision on the Antelope coal lease fails to include safeguards ensuring that aquifers will be restored to pre-mining conditions after the coal is removed and that stock wells used by ranchers who live near the mine will not be depleted.

In addition, mining companies are developing new coal tracts at a far faster pace than they are reclaiming them, Anderson said, despite provisions in the Surface Mining Control and Reclamation Act of 1977 requiring reclamation be "as contemporaneous as possible."

"The historical goal is a one-to-one ratio," she said. "All the mines are very far behind."

A 2005 report from the Wyoming Office of Surface Mining Reclamation and Enforcement, for example, noted that the ratio of new mine development to reclamation was 3-to-1 and widening.

Meeting inevitable demand

In the agency's published decision, Don Simpson, BLM's Wyoming state director, wrote that the Antelope lease will help ensure a dependable coal supply as demand for the mineral remains strong through at least 2035.

"Denying the proposed coal leasing is not likely to affect current or future domestic coal consumption used for electric generation," he wrote.

And while BLM and other Interior agencies are obligated to consider climate change impacts in their decisionmaking, Simpson noted that coal does not release carbon dioxide until it is mined and burned.

Before that would happen, leaseholders would first need to obtain mining permits from Wyoming's Department of Environmental Quality and Interior Department, he said.

Marion Loomis, executive director of the Wyoming Mining Association, said the Antelope decision was at least a year overdue and he is hopeful BLM will finalize the other pending coal leases.

"Hopefully, BLM will be thoughtful and push these leases along so they will come up in a timely manner," he said.

Such hopes were diminished, however, with BLM's decision in late March to require notices involving coal leasing be approved by BLM's Washington D.C., headquarters before being posted in the Federal Register, Loomis said.

Industry officials and coal state lawmakers said the new policy would add unnecessary red tape to a coal leasing process that already takes years to complete. "We anticipate that's going to delay the scheduled decisions on these pending leases," Loomis said.

He further argued that BLM is under no obligation to take climate change into consideration when issuing coal leases because actual emissions of carbon dioxide would not happen at a bidding auction. And while some emissions would occur in the mining process through methane releases and electricity use, it is far less that what occurs at power plants, he said.

"I think [BLM] has the responsibility to assure this country that we have affordable and reliable power," Loomis said, adding that Congress will ultimately decide whether to curb CO2 emissions under a comprehensive climate bill.

But Amy Atwood, a senior attorney and public lands energy director at the nonprofit Center for Biological Diversity, argued that since coal leased in the Powder River Basin will eventually be burned, BLM is obligated to consider the mineral's greenhouse gas emissions in its lease approval process.

The National Environmental Policy Act "requires federal agencies to consider 'any adverse environmental effects' of their 'major ... actions,'" she said in comments on BLM's proposed South Gillette Area coal lease. Those effects include both "direct" and "indirect" impacts, according to the White House Council on Environmental Quality, Atwood said.

But BLM rejected such claims, saying there is no way of knowing whether coal-burning plants will be obligated to capture CO2 and other emissions in the future.

"It is not possible to know with any reasonable certainty what power plants would use this coal or in what amount," the agency wrote in its response. "The variety of burning and emission control apparatus installed in the many facilities to which PRB coal is sold would also make calculating CO2 emissions difficult."