

MINUTES OF MEETING  
SENATE NATURAL RESOURCES  
FEBRUARY 16, 1981

The twelfth meeting of the Natural Resources Committee was called to order by Senator Mark Etchart, Vice-Chairman, in the absence of Senator Dover, at 12:40 P.M., on the above date in Room 405 of the State Capitol Building.

ROLL CALL: All members were present with the exception of Senator Dover.

CONSIDERATION OF SB 367:

AN ACT TO ALLOW THE BOARD OF LAND COMMISSIONERS  
TO ISSUE COAL LEASES TO FOREIGN INTERESTS AND TO  
ALLOW THE SALE OF COAL MINED UNDER LEASES FROM THE  
BOARD OF LAND COMMISSIONERS TO FOREIGN PERSONS

Senator Keating, District #32, presented this bill, stating that it relates to the issuance of coal leases and the sale of coal, mined under leases, to foreign entities. The only company that is operating in the state of Montana that is affected by the ruling on lease limitation is Shell Oil Company. This company has done business in Montana since the 40's. They have owned and operated state oil and gas leases but by law they are prohibited from owning state coal leases. This is inconsistent and does not make sense. The bill also repeals Section 77-3-315, MCA, which restricts the sale of coal to foreign countries. If this is done, the lease is terminated in the current law. Coal is needed in the Pacific Rim countries, Japan, China, Korea, and we have an excess, more than what we need. This section of the Montana Codes restricts Montana from dealing with foreign countries. This bill will repeal that provision on the sale of state coal and would allow foreign companies, who qualify under state laws, to obtain coal leases. A copy of Section 77-3-315, MCA, was furnished by Senator Keating as is attached.

Tom Harrison, Shell Oil Company, testified in support of this bill. He said that Shell is the largest oil and gas producer in Montana and they are good neighbors and have been good citizens in Montana in the oil and gas area. They employ in excess of 100 people and pay taxes in the millions of dollars. They certainly like Montana and want to remain here. The majority of Shell stock is owned by foreign nationals, royal families of the Netherlands and England, but also a lot of Americans own stock in this company.

Joe Presley, President, Westmoreland Resources, Inc., gave testimony in support of this bill. (copy attached)

Mike Fitzgerald, President, Montana International Trade Commission, also gave testimony in support of this bill. (copy attached)

Due to the time limitation, Vice Chairman Etchart asked the other proponents to this bill to stand and give their name and who they were representing. They were as follows: Jim Stephens, Bozeman; Morris Gullickson, United Transportation Union, Livingston; James T. Mular, Brotherhood of Railway Clerks; James D. Mockler, Montana Coal Council; Steve Elliot, Wesco Resources, Inc.; Pat Wilson, Montco (see copy of written testimony); Peter V. Jackson, Western Environmental Trade Association; Tom Dowling, Montana Railroad Association.

Vice Chairman Etchart asked for opponents.

Bob Tulley, Northern Plains Council, is in opposition to this bill. His point of view is agricultural and none other. The proponents have told of the vital importance and need for the development of natural resources. There is no question that the focal point of that phrase is coal development. It has been reiterated time and time again that this is an area of vital national need. The overwhelming majority of Montana citizens agree that if we must develop this natural resource in Montana for a national energy, this will be done provided our land, air and water is protected and that the coal operators reclaim the land as the law requires them to. It is also established by the citizens of Montana, that they will not hold still for a program of exploitation of Montana's coal to the detriment of another industry in the state, that being agriculture. Mr. Presley's statements on a dragline purchase sounds like the drop in the cattle business of 1973. There was no bale out for the cattle industry. Mr. Presley's problems and my business' problems are similar. If Mr. Presley's business is expanded by the opportunity of exporting coal to a foreign region, my business interests would be damaged. The coal industry is not a renewable resource, but a one time only process. A largely expanded coal industry will adversely affect agriculture in the state of Montana. The present reclamation is promised and required by the law, but it is not yet established and proven.

Barbara Archer, owner of a ranch, opposes this bill. It shows a short sighted policy that will provide high short term proceeds for coal, which can only be taken once, and when it is gone ravaged lands will be left. In spite of some good attempts at reclamation, no one knows whether the land will be as productive as it was previously. Agriculture is a vital, stable and profitable economy in the State of Montana. By ravaging the land for coal, a one time product, we are leaving Montana's future to fend for itself. Agricultural lands are very valuable and without food in the future the coal processed now for a one time harvest will be of no value.

Vice Chairman Etchart asked for questions from the committee.

Senator Ryan said after hearing the proponents and opponents to this bill, he would like to hear Mr. Groff's comments.

Mr. Groff stated that as a state geologist he has some knowledge which is pertinent to this question. It is apparent that Montana has two basic industries, agriculture and the mineral industry. Neither can exist without the other one and they should be working together rather than in opposition. There are 120 billion tons of mineable coal in Montana. His thought on that is that we can mine coal at the present rate in this state for about 3 thousand years. There is no problem in running out of the resource. There is no reason to save it for future generations, we will never use it all. Geologists feel that within the next 20 to 40 years we will have another source of fuel. Coal will then be used for other means. In the international market, the United States is consistently having problems with balance of trade and if we could export something and get money back in return it would be a wise thing to do. One of the major problems in this country is getting a trade balance. This will balance the trade and provide work in the state of Montana.

Senator Manley asked how it would be shipped.

Mr. Mockler said by railroad to the west coast and then by barge from there.

Senator Manley said the railroads can't haul our wheat, how will they haul coal.

Senator Van Valkenburg asked Mr. Stephens, you were speaking as past president of the Grain Growers and other organizations. Are you speaking on behalf of any agricultural association?

Mr. Stephens said I am speaking on behalf of myself with my experience with those various organizations.

Senator Keating asked Mr. Fitzgerald how much land would be disturbed to get 6 million tons of coal.

Mr. Fitzgerald said that his figures are just estimates.

Senator Manley asked how much it would take to build a pipeline.

Mr. Fitzgerald said he did not know. There are several companies, in the United States and abroad, working on means of pipelining, or transmitting minerals by pipeline.

Mr. Tully said that he is concerned they will not be able to be brought back into agricultural use. It is a fact that the studies done at various coal field reclamation sites in Montana shows that at the three year level they seem to be better than at the 5 year level. The grazing studies conducted by the University of Bozeman were a disaster. The studies conducted agree that the reclamation did not provide the results that they fully expected. The agricultural industry has to be concerned with this. Is what we are going to be left with less productive than what we had before.

Senator O'Hara asked Mr. Mockler to respond to that question.

Mr. Mockler said it may be 10% higher, who knows. Those laws are changing continually. He has seen grazing studies which the conclusions are considerably different than Mr. Tully's.

Mr. Manley asked if any of the land that has been strip mined now belongs to private individuals?

Mr. Mockler said private and the Crow Indian land.

Senator Manley asked what is paid to the service owner while you are mining the coal?

Mr. Mockler said they have consent of the land owner by lease or purchase.

Senator Manley said what would he be paid for a lease while production is going on.

Mr. Mockler said it is negotiated. Most of the land is purchased out right.

Steve Elliot said on surface ownership by somebody else, damage payment is a percentage of each ton of coal mined. This could be 12.5 cents a ton.

Senator Manley said the surface owner would get so much an acre and still own the land.

Senator Keating closed by saying whether coal is mined at this time will be settled at another date and place. What this bill is about is whether Montana should be able to participate in the sale of coal to a foreign market. Under the present law Montana would be exempt from participating in those foreign sales. He presented copies of newspaper clippings on the necessity for repealing this restriction. (see attached)

CONSIDERATION OF SB 430:

AN ACT TO TRANSFER FROM THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION THE REGULATORY FUNCTIONS RELATING TO AIR AND WATER QUALITY; PUBLIC WATER SUPPLY, SANITATION IN SUBDIVISIONS; MAJOR FACILITY SITING; MINE OVERBURDEN, WASTE, AND. . .

Senator Keating, District #32, presented SB 430. He advised that this bill is identical to the amendment presented to SB 258. The purpose of this bill is to move the Air Quality and Water Quality Bureaus from the Department of Health and Environmental Sciences to

the Department of Natural Resources and Conservation. Air and water quality are part and parcel of the permitting of facility siting and mining operations resource development in the state. This transfer is desirable to seek one stop permitting, by having the various agencies and bureaus that are responsible for the permitting of these operations to be gathered into one department to save time and money in reviewing the proposals from industry for mining. This does not diminish at all the regulations or restrictions in the review of the proposed operation. It merely gets the permitting agencies together so that the process can be handled concurrently rather than consecutively as is the case right now. Those agencies that should not be transferred can be amended out of this bill.

James D. Mockler, Montana Coal Council, is in favor of one stop permitting and supports amending this bill into SB 258.

Pat Wilson, MONTCO, supports one stop permitting as proposed by this bill. She feels that it would be more economical for the legislature in time and effort to be able to consider the bills as one bill, as was proposed on Friday. There are a number of permits needed by the mining industry and any time we could obtain the permits at the same time, as would be the case if these agencies were combined, it would save time and money .

Steve Elliot, Wesco Resources, Inc., supports SB 258 with this as an amendment to that bill. SB 258 would transfer Reclamation from State Lands to the Department of Natural Resources, and Forestry from the Department of Natural Resources to State Lands. At the hearing on Friday I took the position that if we couldn't get the functions of air and water, along with reclamation, under one roof, then I was not in favor of this bill. I still support that, unless we can get the one stop permitting I would just as soon see things left the way they are.

Larry Fasbender, Legislative Liason Officer, Governor's office, spoke on behalf of the governor to clarify his position on this bill. The governor is in favor of streamlining the process and transferring those agencies that might improve the process as far as all is concerned. This move is a large one with a number of functions involved and a number of things that have not been fully explored. The Department of Natural Resources does not have room to put all of these agencies under one roof. This is one of the things that will complicate the matter of putting these two pieces of legislation together. If a building is built for the Department of Natural Resources some of the problems would be solved as far as the housing is concerned. This does involve some technical areas that would have to be studied in the interim before you could make a decision on all of the functions. Some of the problems could be resolved by a subcommittee meeting.

Vice Chairman Etchart asked for opponents to this bill.

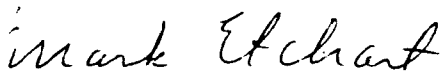
Bob Tully, Northern Plains Resource Council, is in opposition to this bill. (see written testimony attached)

Joan Miles, Environmental Information Center, does not support this bill and suggests a study of the consolidation of these functions. She has some problems with the language in the bill. She suggests the interim should be used to take a look at these problems. She has heard comments that the objection is to get to one stop permitting. This bill will not result in one stop permitting. She does not see any difference in the actual permitting requirements.

Vice Chairman Etchart asked for questions from the committee.

Senator Ryan stated he is opposed to this bill. He feels it should be looked at in the interim with a solution for the next legislative session.

ADJOURNMENT: There being no further business, the meeting ajourned at 2:00 P.M.

  
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MARK ETCHART, Vice Chairman

ROLL CALL  
NATURAL RESOURCES COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date 2/16/81

NAME	PRESENT	ABSENT	EXCUSED
Harold Dover, Chairman			✓
Mark Etchart, Vice Chairman	✓		
Thomas Keating	✓		
Roger Elliott	✓		
Larry Tveit	✓		
Jesse O'Hara	✓		
John Manley	✓		
William Hafferman	✓		
Steve Brown	✓		
Dave Manning	✓		
Patrick Ryan	✓		
Fred Van Valkenburg	✓ late		

Each day attach to minutes.

land, giving opportunity for and consideration to public comments on such evaluation. Leases shall be awarded by a competitive bid system, including a bonus bid for the first year's rental, and no lease shall be awarded at less than fair market value.

History: En. Sec. 38, Ch. 60, L. 1927; re-en. Sec. 1805.38, R.C.M. 1935; amd. Sec. 30, Ch. 428, L. 1973; amd. Sec. 1, Ch. 358, L. 1975; R.C.M. 1947, 81-501(part).

**77-3-313. Bond requirements.** The board shall also demand a surety company bond in such form and amount as it may determine, conditioned for the payment of all royalties due the state and for the carrying on of the mining operations according to the terms of the lease; but a lessee may, in lieu of furnishing a surety company bond, increase the cash deposit hereinbefore provided for to such an amount as will in the judgment of the board make the furnishing of a bond unnecessary.

History: En. Sec. 42, Ch. 60, L. 1927; re-en. Sec. 1805.42, R.C.M. 1935; R.C.M. 1947, 81-505.

**77-3-314. Duration of lease.** (1) Coal mining leases shall be issued for a primary term of 10 years and so long thereafter as coal is produced from such lands in commercial quantities.

(2) A lease not producing coal in commercial quantities at the end of the primary term shall be terminated, unless the leased lands are described in a strip mine permit issued under 82-4-221 or in a mine site location permit under 82-4-122 prior to the end of the primary term, and the lease shall not be terminated so long as said lands are covered and described under valid permit.

(3) For the purpose of this part, "commercial quantities" means that quantity of coal which can be sold at profit in the commercial market.

History: En. Sec. 39, Ch. 60, L. 1927; re-en. Sec. 1805.39, R.C.M. 1935; amd. Sec. 5, Ch. 257, L. 1965; amd. Sec. 1, Ch. 121, L. 1967; amd. Sec. 6, Ch. 22, L. 1971; amd. Sec. 1, Ch. 291, L. 1971; amd. Sec. 31, Ch. 428, L. 1973; amd. Sec. 2, Ch. 358, L. 1975; R.C.M. 1947, 81-502(part).

**77-3-315. Termination of lease because of sale to foreign interests.** Any corporation, individual, or person who contracts the sale of coal from such leased lands to any individual, corporation, or person foreign to the United States, except those countries contiguous to the United States, shall have the lease terminated.

History: En. 81-511 by Sec. 6, Ch. 358, L. 1975; R.C.M. 1947, 81-511(part).

**77-3-316. Rental and royalty terms.** (1) The compensation of the state under all coal mining leases shall be upon a rental and royalty basis and shall be fixed and determined by the board.

(2) The rental and royalty terms of each lease shall be subject to readjustment to reflect fair market value at the end of its primary term of 10 years and at the end of each 5-year period thereafter if the lease is producing coal in commercial quantities.

(3) The rental shall be on a per acre basis but in no case shall it be less than \$2 per acre.

(4) The amount of such royalty shall be based upon the kind, grade, and character of the coal in each particular mine; upon the size, shape, and nature of the coal vein, strata, or body; and upon the shipping and marketing

**77-3-309. Limitations on leases.** The board shall not award a lease to any corporation the majority stock of which is controlled by interests foreign to the United States, except for those interests within countries borders are contiguous to the United States; or if after a determination of the amount, location, and quality of the coal from such lands by the board, the extraction of the coal from such lands by mining methods would adversely affect the methods of recovery of deep coal from such operations on such lands in the future.

History: En. 81-511 by Sec. 6, Ch. 358, L. 1975; R.C.M. 1947, 81-511(part).

**77-3-306. Conditions on manner of mining.** (1) Every coal lease shall be conditioned upon compliance with Title 82, chapter 4, parts 1 and 2.

These coal leases are subject to the condition that the coal must be mined, handled, and marketed in a manner that will prevent as far as possible all waste of coal and are also subject to the condition that the mining operations shall be carried on in a systematic and orderly manner that will make subsequent mining operations more difficult or expensive. A violation of any of these conditions is grounds for the forfeiture of the lease after the expiration of the term.

History: En. Sec. 38, Ch. 60, L. 1927; re-en. Sec. 1805.38, R.C.M. 1935; amd. Sec. 30, Ch. 428, L. 1973; amd. Sec. 1, Ch. 358, L. 1975; R.C.M. 1947, 81-501(part).

**77-3-307. Improvements of former lessee.** (1) When a coal mining lease is applied for on land where mining operations have been carried on by a former lessee and there are surface or underground improvements on the land used at the former operations, disposition shall be made of the improvements satisfactory to the board before a new lease is issued. If the owner of the land desires to sell the same to the new lessee, then the new lessee shall pay him the reasonable value thereof as far as they are suitable for new mining operations. If they fail to agree on the value of such improvements, then such value shall be ascertained and fixed as provided in 77-3-306.

Before a new lease is issued, the applicant shall show to the satisfaction of the board that he has paid the owner for the improvements as agreed between them or as fixed by the aforesaid officers or officer or that he has tendered payment as so fixed or that the owner desires to remove his improvements.

History: En. Sec. 43, Ch. 60, L. 1927; re-en. Sec. 1805.43, R.C.M. 1935; amd. Sec. 32, Ch. 428, L. 1973; R.C.M. 1947, 81-506.

**77-3-308 through 77-3-310 reserved.**

**77-3-311. Form of lease.** The board shall prescribe the form of the lease.

History: En. Sec. 39, Ch. 60, L. 1927; re-en. Sec. 1805.39, R.C.M. 1935; amd. Sec. 5, Ch. 257, L. 1965; amd. Sec. 1, Ch. 121, L. 1967; amd. Sec. 6, Ch. 22, L. 1971; amd. Sec. 1, Ch. 291, L. 1971; amd. Sec. 31, Ch. 428, L. 1973; amd. Sec. 2, Ch. 358, L. 1975; R.C.M. 1947, 81-502(part).

**77-3-312. Leasing procedures.** Prior to issuing a coal mining lease, the board shall evaluate the coal and land proposed to be leased for the purpose of determining the fair market value of any coal reserves located on the



TESTIMONY OF WESTMORELAND RESOURCES, INC.

REGARDING SENATE BILL 367

SUBMITTED BY WESTMORELAND RESOURCES, INC.

BY JOE PRESLEY, PRESIDENT

SENATOR DOVER, CHAIRMAN AND DISTINGUISHED MEMBERS OF THE SENATE NATURAL RESOURCE COMMITTEE; I AM JOE PRESLEY, PRESIDENT OF WESTMORELAND RESOURCES, INC. WITH CORPORATE HEADQUARTERS IN BILLINGS. DANA CHRISTENSEN HAS APPEARED BEFORE THIS COMMITTEE ON BEHALF OF WESTMORELAND RESOURCES ON ENVIRONMENTAL ISSUES. WE ARE CONCERNED ABOUT THE ENVIRONMENTAL CONSTRAINTS TO ENERGY OR ECONOMIC DEVELOPMENT. HOWEVER, TODAY I WOULD LIKE TO BRIEFLY DISCUSS ECONOMIC ACTIVITIES IN MONTANA, AND IN PARTICULAR SECTION 77-3-315, WHICH PROHIBITS THE EXPORT OF COAL FROM STATE LEASES TO FOREIGN COUNTRIES NOT CONTIGUOUS TO THE U.S. IN THIS REGARD, IT MIGHT BE HELPFUL FOR ME TO BRIEFLY REVIEW THE DEVELOPMENT OF WESTMORELAND RESOURCES AND BRING YOU UP TO DATE ON ITS ACTIVITIES.

WESTMORELAND RESOURCES OPERATES A SURFACE COAL MINE AT SARPY CREEK, ABOUT 30 MILES NORTHEAST OF HARDIN IN BIG HORN COUNTY. WE ARE MINING CROW INDIAN AND STATE OF MONTANA COAL. THE STATE SECTION WHICH WE ARE MINING IS A WINDOW WITHIN THE 15,000 ACRE LEASE WE HAVE FROM THE CROW TRIBE. CURRENTLY WE ARE MINING COAL FROM BOTH LEASES AND COMMINGLING THE COAL IN OUR TRAIN LOADOUT AND STORAGE FACILITY.

WE BEGAN SHIPPING COAL FROM THE MINE JULY, 1974. LATE IN 1974, WE SHIPPED A 10,000 TON TEST SHIPMENT TO MITSUI MINING IN JAPAN. THIS SHIPMENT WAS MADE WITH THE FULL KNOWLEDGE OF THE GOVERNOR, MONTANA CONGRESSIONAL DELEGATION AND WASHINGTON. THIS WAS THE CLANDESTINE SECRET SHIPMENT THAT PROBABLY CAUSED THE MONTANA LEGISLATURE IN 1975 TO PASS SECTION 77-3-315 PROHIBITING THE EXPORT OF COAL FROM STATE LEASES.

IN 1974 WE HAD ONE 75-CUBIC YARD DRAGLINE OPERATING AT OUR MINE WHICH ENABLED US TO SHIP 5,000,000 TONS OF COAL PER YEAR. OUR PLANT PROCESSING AND

LOADING FACILITIES WERE CAPABLE OF PROCESSING AND LOADING 14,000,000 TONS PER YEAR, BUT WITH ONE DRAGLINE WE WERE LIMITED TO SHIPPING 5,000,000 TONS. IN JUNE OF 1974, AT THE HEIGHT OF THE ARAB EMBARGO, WE ORDERED AN ADDITIONAL 115-CUBIC YARD DRAGLINE FROM BUCYRUS-ERIE. WE WERE SURE THAT THE DEMAND FOR COAL FOR THIS MACHINE WOULD BE AVAILABLE IN 1980 WHEN THIS MACHINE WAS COMPLETED. ALTHOUGH WE ORDERED THE MACHINE IN 1974, FIRST PARTS DID NOT ARRIVE UNTIL OCTOBER, 1977. THE MACHINE WAS COMPLETED IN JANUARY, 1980, 27 MONTHS AFTER THE FIRST PARTS ARRIVED AND 66 MONTHS (5½ YEARS) AFTER IT WAS ORDERED. THE FOB WORKS PRICE OF THIS MACHINE IN JUNE, 1974 WAS \$11 MILLION. BECAUSE OF ESCALATOR PROVISIONS IN THE CONTRACT, THE FINAL COST WAS \$20 MILLION. WITH FREIGHT AND ERECTION COSTS, THE TOTAL COST WAS OVER \$28 MILLION. THIS NEW MACHINE INCREASED OUR PRODUCTIVE CAPACITY FROM 5 TO 10.5 MILLION TONS PER YEAR. THIS IS THE GOOD NEWS. THE BAD NEWS IS THAT WE DO NOT HAVE A MARKET FOR THIS ADDITIONAL CAPACITY.

THE BIG DEMAND WE THOUGHT WOULD BE AVAILABLE IN 1980 HAS NOT MATERIALIZED. CONSERVATION, OR THE ELASTICITY OF DEMAND, HAS CAUSED THE GROWTH OF UTILITIES IN OUR NATURAL MARKET AREA TO DROP FROM 7 TO 2%. THIS MEANS THAT UTILITIES WITH A 7% GROWTH WOULD HAVE TO DOUBLE THEIR GENERATION CAPACITY IN 10 YEARS. WITH A 2% GROWTH, THE UTILITIES WOULD HAVE TO DOUBLE THEIR GENERATING CAPACITY IN 30 YEARS. THIS SLOWDOWN IN DEMAND HAS CAUSED UTILITIES TO CANCEL OR DELAY NEW UNITS. FOR EXAMPLE, IN 1974 NORTHERN STATES POWER COMPANY HAD SHERBURNE NOS. 3 AND 4 (BOTH 725 MW UNITS) SCHEDULED FOR 1980 AND 1981 RESPECTIVELY. WITH THE SLOWDOWN IN GROWTH, SHERBURNE NO. 4 HAS BEEN CANCELLED AND SHERBURNE NO. 3 HAS BEEN DELAYED UNTIL AT LEAST 1987.

THE SUPPLY OF WESTERN COAL IN MONTANA AND WYOMING CURRENTLY EXCEEDS THE DEMAND BY AT LEAST 20,000,000 TONS, AND WITH THE NEW MINES ANNOUNCED

OR BEING DEVELOPED, WE ARE FACED WITH A SIGNIFICANT OVERSUPPLY OF COAL IN THE WEST. THIS OVERSUPPLY HAS CAUSED INTENSE COMPETITION FOR SALES FROM MINES IN MONTANA AND WYOMING. FOR MONTANA MINES TO COMPETE WITH WYOMING MINES WE HAVE TO HAVE A COMPETITIVE FREIGHT ADVANTAGE TO OFFSET THE PRODUCTION TAX AND MINING COST DISADVANTAGE. WE CAN'T SHIP COAL FROM MONTANA THROUGH WYOMING TO THE MIDWEST OR SOUTHWEST. COAL FROM MONTANA HAS A FREIGHT ADVANTAGE OVER WYOMING TO THE UPPER MIDWEST OR TO THE PACIFIC NORTHWEST.

BECAUSE OF OUR FREIGHT ADVANTAGE TO THE PACIFIC NORTHWEST, WE THINK THE PACIFIC RIM COUNTRIES, PARTICULARLY JAPAN, KOREA AND TAIWAN ARE GOOD OPPORTUNITIES FOR LONG TERM SALES OF MONTANA COAL. LAST WEEK I ATTENDED A BULK TERMINAL WORKSHOP SPONSORED BY THE GOVERNOR OF OREGON. OREGON IS VERY INTERESTED IN BUILDING PORTS ON THE COLUMBIA RIVER FOR EXPORTING COAL TO THE FAR EAST OR TO EUROPE. IF MONTANA DOES NOT DEMONSTRATE A FAVORABLE ATTITUDE TOWARD EXPORTING COAL, I FEEL WE WILL FORFEIT THESE OPPORTUNITIES TO UTAH, COLORADO, WYOMING, NEW MEXICO AND ARIZONA. MONTANA HAS 75 BILLION TONS OF ECONOMICALLY RECOVERABLE COAL. THE U.S. HAS 247 BILLION TONS OF ECONOMICALLY RECOVERABLE COAL. BASED ON THE U.S. CURRENT PRODUCTION OF 840 MILLION TONS PER YEAR, THE U.S. HAS 294 YEARS OF RESERVES. LONG BEFORE THESE RESERVES ARE EXHAUSTED, I FEEL TECHNOLOGICAL CHANGES WILL MAKE COAL RESERVES OBSOLETE. MONTANA SHOULD CONCENTRATE ON THE THINGS IN WHICH THEY HAVE AN ECONOMIC ADVANTAGE. NATURAL RESOURCES, SUCH AS COAL, IS ONE ECONOMIC ACTIVITY IN WHICH THEY HAVE AN ADVANTAGE.

IF WESTMORELAND CAN SELL THE ADDITIONAL 5½ MILLION TONS OF CAPACITY, WE WILL BE ABLE TO PROVIDE EMPLOYMENT FOR AN ADDITIONAL 100 EMPLOYEES.

THE AVERAGE ANNUAL WAGE AT OUR MINE IS \$30,645 AND WITH FRINGE BENEFITS AND PAYROLL TAXES, THE TOTAL ANNUAL COMPENSATION IS \$43,851. WITH THE MULTIPLIER EFFECT OF 3-5 TIMES, THIS HAS A SIGNIFICANT EFFECT ON THE ECONOMY OF SOUTHEASTERN MONTANA. SUPPLIERS TO WESTMORELAND WOULD REALIZE SIGNIFICANT BENEFITS. ASSUMING A SALES PRICE OF \$10.00 PER TON THE STATE WOULD DERIVE \$12 MILLION IN ADDITIONAL SEVERANCE TAXES PER YEAR. THE STATE AND COUNTY WOULD RECEIVE \$2.2 MILLION ADDITIONAL IN GROSS PROCEEDS TAXES PER YEAR. IN ADDITION, THE STATE AND CROW TRIBE WOULD RECEIVE SUBSTANTIAL ROYALTIES.

IF MONTANA DOES NOT SHOW A FAVORABLE ATTITUDE TOWARDS EXPORTING COAL, I FEEL THESE OPPORTUNITIES WILL BE FORFEITED TO OTHER WESTERN STATES. IT DOES NOT MAKE SENSE TO ME TO CLOSE OFF THESE OPPORTUNITIES BY PROHIBITING THE EXPORT OF COAL TO OVERSEAS COUNTRIES.

Testimony  
In Support of the Repeal of  
Section 77-3-315, M.C.A.

Submitted To  
The 1981 Montana Legislature's  
Senate Committee on Natural Resources

Submitted By  
The Montana International Trade Commission  
Suite 415, Power Building  
Helena, Montana 59601

February 1981

Chairman and Members of the Committee, my name is Mike Fitzgerald. I am President of the Montana International Trade Commission, which is a privately funded non-profit economic development corporation.

The purpose of the Commission is to diversify Montana's economy by increasing manufacturing and processing and expansion of regional, national, and international markets for Montana's resources, products, commercial services, and technology.

We recommend the repeal of Section 77-3-315, "Termination of Lease Because of Sale to Foreign Interests," Montana Code Annotated.

It is unlikely that any Pacific Basin country will sign a long-term contract with a Montana coal company as long as this law exists and until such time as the Montana legislature supports coal exports.

This law is presently a severe policy impediment to a very significant development potential that could benefit not only Montana's economy but the nation's as well.

Our investigations indicate an annual one hundred million ton steam coal market in Japan, Taiwan, and Korea by 1990.

The policies of these countries, in order to limit their energy vulnerability, strictly require diversified coal supplies from Canada, Australia, South Africa, and the U.S.

Up to 25% of the steam coal market in these countries could be supplied by U.S. coal producers. Our research indicates that Montana might be able to supply one third to one half of the U.S. portion of this market between 1990 and 2020 if our political climate allows.

Montana coal producers could export up to ten million tons of steam coal annually from about 1990 to the year 2000 and increase to twenty-five million tons annually from 2000 to 2020.

Following is a comparison of the potential coal use impacts of exporting ten million tons of Montana steam coal for ten years and twenty-five million tons annually for twenty years for total exports over thirty years of 600 million tons, which is less than 1% of Montana's Recoverable Reserves:

MONTANA COAL RESERVES

- Total Reserves	291 billion tons
- Demonstrated Reserve Base	122 billion tons
- Recoverable Reserves	75 billion tons

Source: United States Geological Survey, 1976.

POTENTIAL EXPORTS

- 10 million tons annually by year 1990 to year 2000	100 MM/Tons
- 25 million tons annually by year 2000 to year 2020	500 MM/Tons
- Total Potential Exports 1990 to year 2020	<hr/> 600 MM/Tons

Six hundred million tons exported over 30 years is less than 1% of Montana's Recoverable Reserves.



To realistically estimate the economic impacts of these potential export levels we have used two scenarios that we believe might be achieved if Montana's political climate allows:

- Ten million tons of coal exported annually would generate about \$29.3 million in state and local taxes under present tax laws; create 450 permanent jobs in the coal and railroad industries; and an annual payroll of \$10.4 million.
- Twenty-five million tons of coal exported annually would generate about \$84.5 million in state and local taxes under present tax laws; create over 1000 permanent jobs in the coal and railroad industries; and an annual payroll of \$26.1 million.
- Approximately \$671 million worth of new equipment would be purchased and about \$848 million in annual revenues would accrue to the coal producers and railroads , (See page 5).

The following pages, 4 and 5, provide you with a more detailed analysis of these economic impacts.

ECONOMIC BENEFITS TO MONTANA OF MINING COAL  
FOR EXPORT TO THE PACIFIC RIM (IN 1979 DOLLARS)

	1990 10 Million Tons	2000 25 Million Tons
- Severance Tax Revenues (1)	\$25.5 Million	\$73.5 Million
- Gross Proceeds Tax Revenues (1)	3.8 Million	11.0 Million
- Annual Total State and Local Tax Revenues	\$29.3 Million	\$84.5 Million
- Employment (2)		
Mine (3)	250 Permanent	625 Permanent
Rail (4)	200 Permanent	500 Permanent
- Total Employment	450 Permanent	1125 Permanent
- Annual Personal Income		
Mine Employment (5)	\$ 6.0 Million	\$15.0 Million
Rail Employment (6)	4.4 Million	11.1 Million
- Total Annual Personal Income	\$10.4 Million	\$26.1 Million

- (1) Assumes Contract Sales Price of \$8.50/ton in 1990; \$9.80/ton in 2000.  
(2) Excludes construction-related employment. It is estimated that 480 construction jobs would be generated.  
(3) Assumes all mine employees live in Montana.  
(4) Assumes twenty rail employees per one million tons of coal moved West.  
(5) Assumes average salary of \$24,000.00 per year.  
(6) Assumes average salary of \$22,200.00 per year.

Source: United States Department of Commerce and  
Montana Department of State Lands.

Note: The above excludes local property taxes on an  
estimated:

- A. \$100 million in mining equipment necessary  
for a 10 million ton mine, and  
B. \$5 million investment in a 105 car unit  
train.

Source: Western Analysis, Inc., 1980.

UNITED STATES ECONOMIC IMPACT OF EXPORTING  
25 MILLION TONS OF STEAM COAL ANNUALLY

Estimated personnel, equipment and facilities requirements to accomplish the export of 25 million tons of steam coal annually through a Northwest United States Port:

A. Personnel

- 625 Mine Employees Gross Annual Salary (@ \$24,000.00 Average)	\$ 15 million
- 500 Railroad Employees Gross Annual Salary (@ \$22,200.00 Average)	\$ 11.1 million
- 50 Port Employees Gross Annual Salary (@ \$20,000.00 Average)	\$ 1 million
- Total Estimated Gross Annual Salaries	<u>\$ 27.1 million</u>

B. Facilities and Equipment

- Twenty-four 105 Car Unit Trains	\$ 126 million
- Five Crushing and Loading Facilities	\$ 300 million
- Five Drag Lines	\$ 145 million
- One West Coast Deep Water Port	\$ 100 million
- Total Estimated New Equipment Investment	<u>\$ 671 million</u>

C. Corporation Revenues

- Annual Gross Revenue to Coal Producers (25 MM Tons @ \$9.80/Ton)	\$ 245 million
- Annual Gross Revenue to Railroads (25 MM Tons @ \$18.40/Ton)	\$ 460 million
- Annual Gross Revenue to Port (25 MM Tons @ \$5.75/Ton)	<u>\$ 143.75 million</u>
- Total Annual Revenues to U.S. Businesses	<u>\$ 848.75 million</u>

- TOTAL UNITED STATES ECONOMIC IMPACT (Does not include ocean transportation @ \$9.20/Ton X 25 MM = @ \$230 million nor off loading @ \$4.05/Ton X 25 MM = @ \$101.2 million).	<u>\$ 1.5 billion</u>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------

ECONOMIC IMPACTS ON THE U.S. BALANCE OF PAYMENTS

- Exporting 10 million tons of coal per year at an average "loaded on board" price per ton of \$35.45<sub>(A)</sub> equals approximately \$354 million annually, and for the ten-year period from 1990 to 2000 would be about \$3.54 billion.\*
- Exporting 25 million tons of coal per year at an average "loaded on board" price per ton of \$40.75<sub>(B)</sub> equals approximately \$1.018 billion annually, and for the twenty-year period from 2000 to 2020 would equal approximately \$20.36 billion.\*
- The total Economic Impact on the U.S. Balance of Payments of exporting 600 million tons, or less than 1% of Montana's steam coal, over thirty years to the Pacific Basin is approximately \$24 billion.\*

---

\* Total sales price per ton is broken down as follows:

	<u>(A) 1990</u>	<u>(B) 2000</u>
F. O. B. mine	\$11.30	\$13.00
Train movement	18.40	21.15
Port Loading	<u>5.75</u>	<u>6.60</u>
Total Loaded on Board		
U.S. Port of Export	<u>\$35.45</u>	<u>\$40.75</u>
Ocean Transportation	\$ 9.20	\$10.60
Port Off Loading	<u>4.05</u>	<u>4.65</u>
TOTAL DELIVERED PRICE:	<u>\$48.70</u>	<u>\$56.00</u>

Source: Western Analysis, Inc. and MITC, 1980.

Although Montana could capture a portion of the Pacific Basin Steam Coal Market, we must compete with all other western coal-producing states as well as several other countries. There is a lot of coal in the western U.S. and the world, as the following pages on Western U.S. Steam Coal Reserves and World Coal Reserves indicate.

ECONOMICALLY RECOVERABLE COAL RESERVES  
IN SELECTED WESTERN STATES\*

STATE	ANTHRACITE (Thousand Tons)	BITUMINOUS AND LIGNITE (Thousand Tons)	TOTAL (Thousand Tons)
Arizona	-	350,000	350,000
Colorado	27,700	14,841,500	14,869,200
Montana	-	108,396,200	108,396,200
New Mexico	2,300	4,392,500	4,394,800
North Dakota	-	16,003,000	16,003,000
South Dakota	-	428,000	428,000
Texas	-	3,271,900	3,271,900
Utah	-	4,420,500	4,420,500
Washington	-	1,954,000	1,954,000
Wyoming	-	53,336,100	53,336,100
WESTERN STATES TOTAL	30,000	207,393,700	207,423,700

\*United States Bureau of Mines.

WORLD COAL RESERVES\*

Total Estimated	11,500 Billion Metric Tons
Measured Reserves	1,300 Billion Metric Tons
Economically Recoverable	740 Billion Metric Tons
(High Heating Value Coal Reserves)	600 Billion Metric Tons (A)

The following five regions have 95% of these measured Reserves:

North America	@ 31%	229.40 Billion Metric Tons
USSR And Satellites	@ 26%	192.40 Billion Metric Tons
Western Europe	@ 17%	125.80 Billion Metric Tons
China	@ 15%	111.00 Billion Metric Tons
Australia	@ 6%	<u>44.40 Billion Metric Tons</u>
Total	@	<u>95% or @ 703 Billion Metric Tons</u>

\*World Coal Production; Scientific American 1-79; Volume 240, Number 1; PP. 38-47.

<sup>A</sup>740 Billion Metric Tons Adjusted for Inferior Heating Quality Coal to 600 Billion Metric Tons.

- Japan, Taiwan, and Korea, as well as other Pacific Basin countries, are about 90% dependent upon imported energy. They have already expressed an interest in and may need some of our steam coal to replace dwindling, vulnerable, and expensive imported oil. We should be willing and capable of selling coal to them. This statute prevents us from doing so.
- The President of the United States now has the authority to restrict or curtail coal exports from the U.S. if exports are causing a domestic shortage, or if exports are escalating domestic prices. This Executive Authority is provided through the Export Administration, U.S. Department of Commerce.
- Some further considerations: Pacific Basin countries are good agricultural customers of Montana and are likely to remain so if their economies remain strong and prosperous. Approximately 58% of Montana's grain exports go to these countries, as indicated in the following analysis:

ESTIMATED MONTANA WHEAT EXPORTS TO  
PACIFIC RIM (MARKETING YEAR 1974 - 1978)

	<u>Volume (1)</u> <u>(Million Bushels)</u>	<u>Value</u> <u>(\$ Million)</u>
1974	38.2	\$149.7
1975	41.9	126.1
1976	36.8	88.7
1977	41.0	105.4
1978	<u>48.1</u>	<u>153.5</u>
TOTAL:	<u>206.0</u>	<u>\$623.4</u>

(1) Assumes that 58% of Montana wheat exported from Pacific Northwest ports is destined for Japan, Korea, and Taiwan.

Source: United States Department of Agriculture and Economics, Statistics and Cooperatives Services.

SUMMARY

Modest levels of steam coal exports to foreign countries will create new, good-paying jobs in Montana, generate state and local tax revenues, help reduce the U.S. Balance of Payments Deficit, and provide significant new sales for Montana Coal producers and the railroad.

The statute we are discussing today prevents coal exports from Montana to foreign customers beyond North America.

Pacific Basin government officials and trade representatives have specified their preference and intention to buy steam coal from western states where there is clear political support for exports.

Recognizing that coal exports have become a political issue in Montana, it is important to keep in perspective the probability that under the most favorable circumstances, less than 1% of Montana's Recoverable Reserves would be exported to countries who are our friends, allies, and best agricultural customers.

If Montana coal producers are able to achieve long-term supply contracts with Asian customers, these relationships could be expanded into other trade, processing, and manufacturing ventures which could greatly benefit other sectors of Montana's economy.

We therefore respectfully recommend that you support the repeal of Section 77-3-315, Montana Code Annotated.

Thank you.



# MONTCO

## SB 367

Mr. Chairman, committee members, for the record, my name is Pat Wilson and I represent Montco in support of SB 367.

It is commonly thought that American coal will appear in the world steam coal market around 1990. For Example, Japan's projected demand for imported steam coal is as follows:

<u>Fiscal Year</u>	<u>Million Tons</u>
1985	22.0
1990	53.5
1995	80.5

The principle suppliers to Japan are Australia, China, Canada, and South Africa. Currently, the steam coal demand of Japan and other countries is committed to Australia, whose exporting capacity is not sufficient to meet demands.

The export of western steam coal gives us an opportunity to aid the Japanese in reducing their dependency on OPEC oil. This will also help reduce pressure on the global oil supplies and the prices we all have to pay for OPEC oil--including consumers in Montana and the U. S.

Western exports to Japan are never likely to exceed 5 per cent of the total western coal production. For example, according to Department of Energy figures by 1985, the western coal productive capacity would be 379.5 million tons.

379.5	(million tons)
.05	(% to be shipped to Japan)
<u>18.975</u>	(million tons)
\$40.00	(price of coal + transportation \$25 - \$50)
<u>759</u>	million dollars (Japan's cost)

759 million dollars would affect the GNP 1.518 billion dollars.  
 Another example is DOE is figures for 1990 which predict the western coal production capacity at 571.1 million tons.

571.10	(million tons)
X .05	(% to be shipped to Japan)
<u>28.56</u>	(million tons)
\$40.00	(price of coal + transportation \$25 - \$50)
<u>1.1422</u>	billion dollars (Japan's cost)

1.1422 billion dollars would affect the GNP 2.2844 billion dollars.

The GNP for 1979 \$2.369 trillion

Vigorous export activities by the U.S. is essential to jobs, inflation control, productivity and maintaining the value of the dollar. Exports provide \$1 out of \$9 in manufacturing and \$1 out of \$4 in farm sales. Because of support services like insurance, freight handling and other support industries. It is estimated that every additional \$1 billion in exports results on a total GNP increase of \$2 billion. Our economic future depends on our ability to shore up the dollar and reduce unused capacity.

The Japanese prefer not to develop energy export agreements with the western United States without the clear support of the legislatures of the coal producing states. The Japanese do not believe that the problems associated with using western steam coal can be solved by individual coal companies or the federal government.

Therefore it is imperative that this legislature take positive approach toward SB 367.

POTENTIAL COAL IN MONTANA

1985      59.5      (potential coal development in Montana) in millions  
          .05      (estimated % of coal to be shipped to Japan)  
          2.975      (million tons of coal to Japan)

2.975      (tons of coal to Japan)  
\$10.00      (price of coal per ton @ mine \$7 - \$15)  
29.75      million dollars  
          .30      (severance tax)  
          8.925      million dollars (to State of Montana)

2.975      (tons of coal to Japan)  
\$40.00      (price of transportation + coal \$25 - \$50)  
19      million dollars (the cost to Japan)

1990      88.2      (potential coal development in Montana in millions)  
          .05      (estimated % of coal to be shipped to Japan)  
          4.41      (million tons of coal to Japan)

4.41      (tons of coal to Japan)  
X\$10.00      (price of coal per ton @ mine \$7 - \$15)  
44.1      million dollars  
          .30      (severance tax)  
          13.23      million dollars (to the State of Montana)

4.41      (tons of coal to Japan)  
X \$40.00      (price of coal + transportation \$25 - \$50)  
176.40      million dollars (the cost to Japan)

\$119,000,000 affects the GNP by \$238,000,000

\$176,400,000 affects the GNP by \$352,800,000

\* figures taken from Western Coal Survey- a survey in coal mining capacity in the West- January 1981, by the U.S. Department of Energy

CONTRACTED COAL IN MONTANA

1985      47.2      (contracted coal in Montana in millions)  
          X .05      (estimated % of coal to be shipped to Japan)  
          2.360      (million tons of coal to Japan)

          2.360      tons of coal to Japan  
          X \$10.00      (price of coal per ton \$7 - \$15)  
          23.60      million dollars  
          .30      (severance tax)  
          7.08      million dollars

          2.360      (tons of coal to Japan)  
          X \$40.00      (Transportation + price of coal \$25 - \$50)  
          94.4      million dollars. (cost to Japan)

1990      47.5      (contracted coal in Montana in millions)  
          .05      (estimated % of coal to be shipped to Japan)  
          2.375      (million tons of coal to Japan)

          2.375      (tons of coal to Japan)  
          X \$10.00      (price of coal per ton \$7 - \$15)  
          23.750      million dollars  
          .30      (severance tax)  
          7.125      million dollars (to the State of Montana)

          2.375      (tons of coal to Japan)  
          X \$40.00      (transportation + price of coal \$25 - \$50)  
          95      million dollars (cost to Japan)

\$94,400,000      affects the GNP \$188,800,000  
\$95,000,000      affects the GNP \$190,000,000

INDEPENDENT RECORD

Helena, Mt 59601

(D-12,012, S-12,522)

12/14/81

SUPERIOR CLIPPING SERVICE  
SUPERIOR, MONT. 59872

# State's coal export law sho

Last month the Montana International Trade Commission sent a letter to members of the 47th Legislature asking them to repeal a state law which prohibits the exporting of coal mined from state leased lands to any country other than Canada and Mexico.

Trade Commission President Mike Fitzgerald told legislators, "We believe this law is probably unconstitutional, definitely inequitable and a severe policy impediment to a very significant development potential that could benefit not only Montana's economy but the nation's as well."

The export of coal to foreign countries, particularly the Pacific Rim nations of Japan, Korea and Taiwan, cropped up as a political issue in August of 1974 when Westmoreland Resources secretly shipped 12,000 tons of coal to Japan for a test burn by Mitsui Mining Co.

Farmers, ranchers and environmentalists expressed outrage when that shipment became public knowledge.

Earlier this year the Montana International Trade Commission hired Western Analysis of Helena to prepare a report on potential coal exports to the Pacific Rim. When that report was completed Fitzgerald confirmed that Japan is sounding out a number of states regarding export of coal to that country.

The trade commission has good reason to seek repeal of the law regarding exporting of coal mined on state lands.

According to Western Analysis' report, Montana could export 10 million tons of steam coal annually by 1990, increasing to 25 million tons annually by 2000. Since most coal contracts will be for a 20-year period, the total projected Montana coal exports over a 30-year period would equal

600 million tons of coal. The Montana Steam Coal Commission estimates that 60 percent of the state's coal production would be jeopardized by the Montana annual steam coal export by 1990. The state would require direct trade with Australia, a reasonable price for Montana's coal. The Pacific Basin steam coal would supply about 10 percent of total U.S. coal. The report exporting coal would provide an additional \$100 million in taxes and

# The Billings Gazette **Opinion**

*Publisher*  
George D. Remington

*Editor*  
Richard J. Wesnick

*Opinion Editor*  
Duane W. Bowler

## *Coal sale ban unrealistic*

Good luck to Sen. Thomas Keating's bill to repeal a state-law which forbids sale of Montana coal in foreign countries.

The law which forbids export of coal was an extreme act of provincialism in this era when areas of the world are so dependent on each other for survival of their economies.

We find logic in Keating's contention that it is no more wrong to sell Montana coal overseas than it is agricultural products. Continued cropping reduces the fertility of soil over the long run, too, thus depleting a natural resource.

There there is the paradox that much of the fertilizer used to restore cropland is a petroleum derivative. If memory

serves, the United States is importing quite a bit of that.

We don't question the right of Montana's Legislature to ban sale of coal from state lands to overseas customers. We do question the wisdom of keeping a law which flies in the face of economic facts of life in Montana.

The No. 1 industry in Montana still is agriculture. And it is likely to remain so for quite a few years. We must sell much of our agricultural production in foreign markets.

How an assemblage can find it logical to promote sales of one product to a foreign customer and ban another is questionable.

We say repeal the ban. Let market forces prevail.

# **E** - Our opinion **EDITORIALS**

## **LET'S SELL MONTANA'S COAL TO FOREIGN LANDS**

There is a movement in the Montana legislature to repeal a state law that forbids anyone from selling coal to foreign countries that is mined on state land in Montana.

Good!

The law should be repealed.

Take Japan, for example.

It sells millions and millions of dollars worth of its cars, television sets and a score of other products in the Treasure State, as it does all across the U.S.

A result is an unfavorable balance of trade for us that drains our dollars and increases inflation.

So why shouldn't we balance this out as much as we can.

Yes, repeal that law.

We should be able to sell our coal from state lands to Japan or any other foreign country.

We need to, in fact.

## **1080 FOR SQUIRRELS, BUT NOT FOR COYOTES**

Strange are the ways, at times, of Uncle Sam, and especially so when it comes to his understanding of and treatment of the West.

The federal government, for example, has approved the use of 1080 this summer on 118,515 acres in 16 counties of the western part of Montana to eradicate Columbian ground squirrels.

Yet the bureaucrats back in Washington won't let stockmen use 1080 to control the coyotes that do such costly and senseless killing of their sheep and calves.

"Too dangerous to birds and wildlife," the bureaucrats say.

But if it's okay to use 1080 on squirrels, why

# NORTHERN PLAINS RESOURCE COUNCIL

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419 Stapleton Bldg  
Billings, Mt. 59101  
(406) 248-1154

Field Office  
P.O. Box 886  
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TESTIMONY BEFORE THE SENATE NATURAL RESOURCES COMMITTEE

BOB TULLY

February 16, 1981

SB 430

NPRC has a number of questions regarding the practicality and necessity of shifting the functions of the Environmental Sciences Division to the Dept. of Natural Resources. Partly, we are concerned that the proposal has not been adequately looked into and there are questions that ought to be answered before we leap:

Recognizing that the siting act, in the case of major facilities, already integrates permitting decisions and systematically assigns responsibilities within a timeframe, we wonder if this shift is needed?

Would the establishment of a permit coordinator to provide guidance and assistance to applicants and citizens adequately serve the needs of all parties? If so is this massive reorganization unnecessary?

Would the transfer of the environmental sciences division to DNRC unduly burden that department and be counter-productive to the interests of efficient and responsive government?

The areas of air and water quality and the environmental sciences in general are closely related to the area of health and is it appropriate to divorce these areas?

These and other considerations need to be closely examined before such a major step, such as that contemplated in this legislation is ventured. We would advocate that the Legislature, working closely with the executive branch examine this proposal during the interim and arrive at recommendations for the 48th session.



There is another matter of tremendous importance raised by SB 430 - that being the role of the citizens board. SB 430 entirely removes the board from all environmental decisions. This signifies a major shift in policy in this state.

At a time when Americans are widely rebelling against the "dictatorship" of bureaucracy and the technocrat, we question the wisdom of this move.

The citizens board represents a valuable mechanism to balance the ever-growing power of bureaucratic government. It represents citizens and increases their involvement in government. It brings the agencies closer to the people.

Typically, the board works with the department and will rely on it for information and expertise and recommendations. The board, however, is in a position to objectively listen as well to the interests of industries, of citizens, of municipalities, and others, and to balance this all with the guidance of policy.

It is never the case that the experts and the technicians are all in agreement. When it comes to a decision, the experts must be balanced against the dictates of the law and policy and the good judgement of responsible, unbiased parties. Experts and technicians play an important role in the process, but theirs should not be the final word.

NAME: John F. Hill DATE: 2-4-81

ADDRESS: 26 Red Hill

PHONE: 352-5495

REPRESENTING WHOM? John F. Hill

APPEARING ON WHICH PROPOSAL: 1-7-81

DO YOU: SUPPORT?        AMEND?        OPPOSE?       

COMMENTS: The Bill is a good one and should be passed  
to help the people who are in need of it.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.



NAME: James D. Mockler DATE: 2/16

ADDRESS: Helena

PHONE: 2-6223

REPRESENTING WHOM? Mt. Coal Council

APPEARING ON WHICH PROPOSAL: 367 2430

DO YOU: SUPPORT? ✓ AMEND?            OPPOSE?           

COMMENTS: \_\_\_\_\_

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: JAMES T MULAR DATE: 2/16/81

ADDRESS: PO Box R1 79T Butte MT 59701

PHONE: 494-2316

REPRESENTING WHOM? Bro Railway Clerks

APPEARING ON WHICH PROPOSAL: SB 367

DO YOU: SUPPORT? X AMEND? \_\_\_\_\_ OPPOSE? \_\_\_\_\_

COMMENTS: COAL EXPORT IS VITAL TO OUR  
CLASS + COUNTRY. WE HAVE APPROXIMATELY  
300 RAILWAY EMPLOYEES WHO ARE NOT  
THREATENED. INCREASED RAIL COAL SHIPMENTS  
WOULD REQUIRE A SUBSTANTIAL NUMBER OF  
THOSE UNEMPLOYED RAIL WORKERS.  
DEPENDENT ON THE LEVEL OF EXPORTATION,

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Walter W. G. [unclear] DATE: 2/10/81

ADDRESS: 225 N. 6th [unclear]

PHONE: 225-0000 [unclear]

REPRESENTING WHOM? [unclear]

APPEARING ON WHICH PROPOSAL: [unclear]

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS: [unclear]

[unclear]

[unclear]

[unclear]

[unclear]

[unclear]

[unclear]

[unclear]

[unclear]

[unclear]

[unclear]

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[unclear]

[unclear]

[unclear]

[unclear]

[unclear]

[unclear]

[unclear]

[unclear]

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME:

John Stephens

DATE:

12/11/81

ADDRESS:

415 Wilder Lane, Bost. mt.

PHONE:

587 5843

REPRESENTING WHOM?

Self

APPEARING ON WHICH PROPOSAL:

SB 367

DO YOU:

SUPPORT?

X

AMEND?

OPPOSE?

COMMENTS:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Tom Dowling DATE: 2/16/81

ADDRESS: 3030 N. Montanan - Bldg

PHONE: 2-9000

REPRESENTING WHOM? Mont RR Assn

APPEARING ON WHICH PROPOSAL: SB 367

DO YOU: SUPPORT? X AMEND? \_\_\_\_\_ OPPOSE? \_\_\_\_\_

COMMENTS: \_\_\_\_\_  
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PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.



NAME :

DATE :

2/16/80

ADDRESS :

PHONE :

REPRESENTING WHOM?

APPEARING ON WHICH PROPOSAL:

DO YOU :

SUPPORT?

AMEND?

OPPOSE?

COMMENTS :

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Joe A. [unclear] DATE: 7-2-68

ADDRESS: [unclear]

PHONE: [unclear]

REPRESENTING WHOM? [unclear]

APPEARING ON WHICH PROPOSAL: [unclear]

DO YOU: SUPPORT? / AMEND?        OPPOSE?       

COMMENTS:       

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: \_\_\_\_\_ DATE: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

PHONE: \_\_\_\_\_

REPRESENTING WHOM? \_\_\_\_\_

APPEARING ON WHICH PROPOSAL: \_\_\_\_\_

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS: \_\_\_\_\_

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.



# VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretary)

If low-BTU Montana coal is to be competitive in the Pacific Rim, it must find alternatives to expensive overland rail shipment, according to the Montana International Trade Commission. To quote MITC:

"Construction of one or more high-volume coal slurry pipelines could improve the prospects for significant export sales in the mid term, however, political barriers associated with water use, permitting, and eminent domain must be confronted before the concept could be implemented."

According to the February 1980 report (as recounted in the BILLINGS GAZETTE, 5/18/80) in order for Montana coal deposits "to be economically competitive with other domestic and international sources(it)will require strategies to reduce overland transportation cost."

What are these strategies?

- \* Liquefaction of coal for overseas shipment;
- \* Gasification for conversion to ammonia, light oils and other chemicals;
- \* Coal slurry to ports.

Montanans have balked at the prospect of becoming a boiler room for West coast cities. Are we now ready to turn McCone County upside down to send synthetic fuel to Japan or Korea?