WILDEARTH GUARDIANS * FRIENDS OF THE EARTH
CENTER FOR BIOLOGICAL DIVERSITY * RAINFOREST ACTION NETWORK
CLEAN ENERGY ACTION * GREENPEACE * SIERRA CLUB

January 13, 2016

Barack Obama
President of the United States
1600 Pennsylvania Ave. NW
Washington, D.C. 20500

Re: New Coal Leasing Threatens Climate With One Billion Tons of Carbon Pollution

Dear President Obama:

The undersigned organizations are writing out of concern over your Administration's proposal to process new publicly owned coal leases to sell in the Powder River Basin of northeastern Wyoming and southeastern Montana. We urge you to ensure your Administration is doing everything possible to safeguard the climate and to avoid locking future generations into additional fossil fuel commitments. Spending taxpayer dollars and agency staff time processing new coal leases with the ultimate aim mining and burning coal is inconsistent with your stated climate objectives and your recognition that if we are to avoid the worst effects of climate change, we must leave fossil fuels in the ground. To this end, we urge you to ensure that no new coal leases are processed.

At issue are two coal lease applications pending review before your Administration: the West Antelope III lease and the Decker South lease. West Antelope III consists of 441 million tons of publicly owned coal and would expand Cloud Peak Energy's Antelope mine in northeastern Wyoming. Decker South consists of 203 million tons of publicly owned coal and would expand Lighthouse Resources' Decker mine in southeastern Montana.

According to a recent notice published in the Federal Register, the Interior Department's Powder River Regional Coal Team is scheduled to vote on January 27, 2016 on whether to process these lease applications for sale. *See* 80 Fed. Reg. 78248 (Dec. 16, 2015). In other words, the Coal Team—which provides direction to Interior—is slated to decide whether taxpayer dollars should be spent processing these lease applications so they can be sold.

The Regional Coal Team and the Interior Department should not process new coal leases. If sold, these leases would convey mining rights and ultimately open the door for the coal to be burned, resulting in more than one billion metric tons of carbon dioxide pollution if burned.[1]

[1] According to Interior Department estimates, every ton of coal mined from the Powder River Basin burned releases on average 1.659 metric tons of carbon dioxide when burned. *See* Bureau of Land Management, "Final Environmental Impact Statement, Wright Area Coal Lease Applications" (July 2010) at 4-140, available at http://www.blm.gov/style/medialib/blm/wy/information/NEPA/hpdo/Wright-Coal/fies.Par.33083.File.dat/01WrightCoalVol1.pdf.

What's more, both Cloud Peak Energy and Lighthouse Resources appear to have every intention of exporting the coal obtained through these new leases. Lighthouse Resources in particular is already investing heavily in new coal export infrastructure in the Pacific Northwest and has stated it intends to expand production at the Decker mine to serve "new international customers through our international coal marketing and trading business."[2] The United States cannot lead the way on climate progress by exporting carbon emissions overseas.

While these leases clearly threaten to set back efforts to combat climate change, it further appears there is little economic justification to process these applications at this time.

Cloud Peak only recently obtained two additional federal coal leases to expand the Antelope Mine, the West Antelope II North and West Antelope II South leases, which together contained more than 400 million tons of coal. The Interior Department approved mining on these two leases in 2013 and noted that the life of the mine would be extended to 2026 based on an average production rate of 36 million tons per year. With more than a decade of coal reserves already under lease at the Antelope Mine, Cloud Peak does not need another 441 million tons of publicly owned coal.

Further, according to Lighthouse Resources, the Decker mine already has more than 152 million tons of coal reserves.[3] At the current production rate of 3.3 million tons per year, the mine has approximately 50 years of reserves. Even under a scenario where production increases to 8-14 million tons annually, as projected by Lighthouse, the Decker Minewould still have more than 10 years of coal reserves.

There is no urgent need to grant Cloud Peak or Lighthouse the West Antelope III and Decker South leases. Under current circumstances, both mines have sufficient reserves to continue operations for many years. The processing of new leases would appear poised to benefit these companies with no corresponding benefit for the American public.

This is particularly true with regards to Cloud Peak. The company has requested that Interior delay offering for sale another of its pending lease applications, Maysdorf II South, noting that economic conditions have required the company to reduce production at its nearby Cordero Mine.[4] Cloud Peak's request comes after the company failed to submit a bid for a related lease application, Maysdorf II North, prompting Interior to close the lease file on October 24, 2013 after years of processing.

Finally, these new leases come even as your Administration is moving to reform the federal coal program to ensure that it is consistent with our nation's climate objectives. It makes little sense to process new coal leases before reforms have been enacted.

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[2] *See* http://www.lighthouseresourcesinc.com/#projects.
[3] According to the company, 138 million metric tons of reserves (152 million short tons) remain at the Decker mine, http://www.lighthouseresourcesinc.com/decker-mine/.
[4] *See* Attached letters between Cloud Peak and the Interior Department.

Leasing federal coal is fundamentally a discretionary act under the U.S. Mineral Leasing Act. Your Administration has the discretion to turn down coal lease applications that are not in the public interest "for environmental or other sufficient reasons." 43 C.F.R. § 3425.1-8(a)(3).

West Antelope III and Decker South are squarely contrary to the public interest. The proposed coal leases would merely fuel industry speculation and increase climate pollution at the expense of the American public. We urge your Administration to deny these applications.

Sincerely,

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