Powder River Basin
Issues

Western Organization of Resource Councils
WORC states: Montana, Wyoming, North Dakota, South Dakota, Colorado, Idaho
Western Coalfield Alliance
Informal addressing mining, leasing, and transportation in the PRB focusing on internalizing costs using Litigation, Federal coal leasing (BLM) reform, Reclamation enforcement

Power Past Coal
Public coalition to prevent coal exports in the Pacific Northwest:
Port EIS process (ACOE & WA & OR), Decision-makers, Surface Transportation Board, Litigation + BC
Total PRB 2011 Production: 462.6 million tons
2012: 419 million tons

Source: BNSF
Which climate catastrophe is worse?

Millions of metric tons of CO₂ embedded in annual fuel shipments

- Keystone XL Pipeline
- NW Coal exports

- Port of Morrow, OR
- Longview, WA
- Cherry Point, WA

Sightline Institute
Annual U.S. Total & Federal Coal Production

Source: Energy of Information Administration
Office of Natural Resource Revenue
Powder River Basin Annual Total and Federal Production

Source: Annual Coal Report (EIA,) Bureau of Land Management
June 2012:  
*The Great Giveaway – IEEFA*

June 2013:  
*DOI Office of Inspector General*

September 2013:  
*Taxpayers for Common Sense*
Inconsistency and oversight
Lack of transparency
Single bidder in over 90% sales
Failure to look at growing export markets in determining fair market value
Hundreds of millions $$ lost – understates the case!
One penny = $7 million
THE GREAT COAL GIVEAWAY

The GAO Coal Leasing Report: HOW BIG COAL IS FLEECING TAXPAYERS OUT OF MILLIONS OF DOLLARS

WHAT THE GAO LEARNED

NO COMPETITION
90% of all BLM coal lease sales had only one bidder.

NO OVERSIGHT
BLM has no oversight by the Department of Interior and no independent evaluation of its coal leasing practices.

NO TRANSPARENCY
BLM keeps critical information from the public.

CHEATING AMERICAN TAXPAYERS
LINING THE POCKETS OF BIG COAL

“Taxpayers are likely losing out so that coal companies can reap a windfall and export that coal overseas where it is burned, worsening climate change. This is a bad deal all around.”

Senator Edward Markey

For every cent per ton that the BLM undercharges coal companies, there is nearly a $7 million loss to the American taxpayers.

Edward Markey Coal Leasing Fact Sheet

TELL @SECRETARYJEWELL TO END THE #COALGIVEAWAY

2 BILLION TONS
COAL LEASED UNDER THE OBAMA ADMINISTRATION

$28 BILLION LOST TO TAXPAYERS SINCE 1982

INSTITUTE FOR ENERGY ECONOMICS AND FINANCIAL ANALYSIS

2012 Report by Tom Sandlio
Feb 2014: Sen. Wyden and OIG

- Royalty rate reductions
- Underestimating reserves (36% more than companies paid bonus bid for)
- Improper communications between companies and BLM
- Non-arms length transactions
March 14, 2014: Editorial board: Now is the time to reform coal lease process
Powder River Basin Prices Compared to Other Basins

Source: Energy Information Administration
U.S. monthly coal trade 2002-13 (billion dollars)
Cloud Peak Energy Case

Energy Exports

Source: Cloud Peak Energy Annual Report
Cloud Peak Energy Case

2011 Total Cloud Peak Production

Asian Exports 4.7%
Total Exports: 5.9%

2011 Total Cloud Peak Revenue

19.5% Asian Export Revenue

Source: Cloud Peak Energy Annual Report
Peabody Coal Case

2011 Coal Estimates of Coal Sold to China:
$96.28 per ton for 8800 Btu coal.
Subtract Transportation Costs:
$58.71
Market Head Room: $29-36.00

Compared to Domestic Sales
13.65 per ton

2014: Newcastle $81 per ton

Peabody Energy Annual Report
Cloud Peak Energy Cost of Production 2012

Cost of Production: $9.57/ton

Source: Cloud Peak Energy Investor Presentation
<table>
<thead>
<tr>
<th>PNW Export Coal Terminal</th>
<th>(Million Tons)</th>
<th></th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2018</td>
<td>2023</td>
</tr>
<tr>
<td>Roberts Bank, BC – Westshore</td>
<td>9.10</td>
<td>14.56</td>
<td>18.20</td>
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<td>N. Vancouver, BC – Neptune</td>
<td>0.00</td>
<td>0.00</td>
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<td>Prince Rupert, BC – Ridley</td>
<td>2.76</td>
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<td>Vancouver, BC - Fraser Surrey</td>
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<td>4.41</td>
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<td>Vancouver Area, BC – County Coal</td>
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<td>Total BC Terminals</td>
<td>11.86</td>
<td>18.97</td>
<td>49.07</td>
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<td>Bellingham , WA – Cherry Point</td>
<td>0.00</td>
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<td>Longview, WA - MBT</td>
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<td>Total Washington Terminals</td>
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<td>Boardman, OR – Morrow</td>
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<td>3.89</td>
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<td>Total Oregon Terminals</td>
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<td>Total PRB to PNW Export</td>
<td>11.86</td>
<td>98.92</td>
<td>170.32</td>
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Heavy Traffic
Still Ahead
February 2014

Report prepared for

WORC
Western Organization of Resource Councils
<table>
<thead>
<tr>
<th>Commodity</th>
<th>Tons (000)</th>
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<tr>
<td>Soy Beans</td>
<td>14,153</td>
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<tr>
<td>Corn</td>
<td>14,052</td>
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<tr>
<td>Wheat</td>
<td>9,040</td>
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<tr>
<td>Grain, NEC</td>
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<td>Peas, Dry Ripe</td>
<td>327</td>
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<td>Barley</td>
<td>240</td>
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<td>Beans, Dry Ripe</td>
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<td>Cottonseeds</td>
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<td><strong>Total</strong></td>
<td><strong>38,348</strong></td>
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Columbia Gorge
Otter Creek – Gillette
Western Organization of Resource Councils
220 S. 27th St. Suite B
Billings, Montana 59101
www.worc.org
406.252.9672
## Average Weekly Coal Commodity Spot Prices
(dollars per short ton)

<table>
<thead>
<tr>
<th>Week Ended</th>
<th>Central Appalachia 12,500 Btu, 1.2 SO2</th>
<th>Northern Appalachia 13,000 Btu, &lt;3.0 SO2</th>
<th>Illinois Basin 11,800 Btu, 5.0 SO2</th>
<th>Powder River Basin 8,800 Btu, 0.8 SO2</th>
<th>Uinta Basin 11,700 Btu, 0.8 SO2</th>
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<tbody>
<tr>
<td>17-May-13</td>
<td>$67.27</td>
<td>$66.00</td>
<td>$45.15</td>
<td>$10.55</td>
<td>$35.85</td>
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<td>24-May-13</td>
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<td>$66.00</td>
<td>$45.15</td>
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<td>31-May-13</td>
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<td>07-Feb-14</td>
<td>$62.18</td>
<td>$68.50</td>
<td>$46.40</td>
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<td>07-Mar-14</td>
<td>$60.06</td>
<td>$68.65</td>
<td>$46.65</td>
<td>$12.50</td>
<td>$36.00</td>
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Source: Energy Information Administration