An Assessment of Development and Production Potential of Federal Coal Leases

December 1981

NTIS order #PB82-149378
Foreword

This report is submitted in fulfillment of OTA’s mandate under the Federal Coal Leasing Amendments Act of 1976 (Public Law 94-377) “to conduct a complete study of coal leases entered into by the United States under section 2 of the act of February 25, 1920 (commonly known as the Mineral Lands Leasing Act).”

The act directed that the study “shall include an analysis of all mining activities, present and potential value of said coal leases, receipts of the Federal Government from said leases, and recommendations as to the feasibility of the use of deep mining technology in said leased area.” “Present and potential value” have been defined as the amount of potential coal production from Federal leases in the next decade.

This study differs from the typical OTA assessment in that the report “assesses” resources instead of technology. The main focus of the study is an estimation of the likely production from the existing 548 Federal coal leases in the seven major Western coal States. Although technical factors, mostly of a geological and mining engineering nature, were important in arriving at these estimates, the evaluation of technology was not central to the work.

OTA’s analysis was greatly aided by the five State task forces held by OTA in Colorado, New Mexico, Oklahoma, Utah, and Wyoming. The task forces, composed of participants from State governments, local and Federal agencies, industry, citizens groups, and local universities were of inestimable help to OTA in evaluating the development potential of undeveloped leases and in providing insights on the factors affecting coal development in these regions.

The estimates of potential production from Federal leases made in this report are not forecasts of the coal that would be produced at a given price or a given demand. They are estimates of the total amount of coal that could be produced from existing and planned Federal mines and from those undeveloped Federal leases that have mining costs competitive with costs at currently operating mines in the same area. If the demand for Federal coal does not increase to these levels of potential production, then not all the Federal leases that could technically and economically be developed will be mined.

We hope that this report will provide Congress with helpful insights for the impending debates on Federal coal leasing and coal use goals for the United States.

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This report was prepared by the Office of Technology Assessment Materials Program. The Materials Program wishes to acknowledge the assistance and cooperation of the following contractors and consultants in the collection and analysis of data.

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Cartography, Inc.
Colorado Energy Research Institute
Colorado School of Mines Research Institute
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Earth Satellite Corp.
Energy and Environmental Analysis, Inc.
Hoffman-Muntner Corp.
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Acknowledgments

OTA also wishes to acknowledge the contributions and cooperation of the following agencies and organizations:

American Mining Congress
U.S. Department of Energy
Association of American Railroads
U.S. Department of the Interior
Colorado Department of Natural Resources
Bureau of Land Management
Montana Bureau of Mines and Geology
Bureau of Mines
Montana Department of State Lands
Geological Survey
National Coal Association
Office of Surface Mining
New Mexico Energy and Minerals Department
Utah Geological and Mineralogical Survey
North Dakota Geological Survey
Western Organization of Resource Councils
North Dakota Public Services Commission
Wyoming Department of Environmental Quality
North Dakota State Department of Health
Wyoming Game and Fish Department
Oklahoma Department of Mines
Wyoming Geological Survey
Oklahoma Geological Survey
Wyoming Natural Heritage Program, The Nature Conservancy
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In addition, OTA wishes to express its appreciation to the many individuals, organizations and companies who acted as reviewers for this report, and to the many Federal coal lessees without whose cooperation this report would not have been possible.
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