American Coal Council

August 13, 2011

Welcome to the beautiful 5th Congressional District of Colorado, which I have the honor of representing in Congress. You picked a premier setting for your conference. Thank you for inviting me to join you here this morning. It is truly an honor to be here with you today. I want to extend special thanks to your Program Development Committee for holding this event and trust that you will gain valuable insight during your meetings this week. My staff and I have the privilege of interacting with some of your companies on a frequent basis.

As mentioned, I currently serve as the Chairman of the Energy and Mineral Resources Subcommittee on the Committee of Natural Resources in the House. My subcommittee oversees domestic energy production and mining on federal lands – both

onshore and offshore. Our jurisdiction includes the Bureau of Land Management, the U.S. Forest Service's energy and minerals programs, and the U.S. Geological Survey. More specifically, my subcommittee is the authorizing committee for all energy and minerals programs on the 2.5 billion acre federal estate.

These programs generate billions of dollars for federal, state, and local treasuries, create vast numbers of high-paying family-wage jobs, and contribute significantly to the energy and mineral needs of the country. Republicans on my Subcommittee are committed to being environmentally responsible, job-friendly, and attentive to the consumer as we develop America's vast energy and mineral resources.

I have served on the House Committee on Natural Resources during my entire five-year tenure in the House of Representatives and am familiar with many of the issues facing the coal industry. As Ranking Member of the Subcommittee during the 111th Congress, and, now as Chairman, I am even more deeply involved than ever in the oversight of the mining process and with the regulatory battles that currently challenge the industry as a whole.

As you know, coal was instrumental in the rise of the United States as a nation. It helped fuel the United States ascent to economic greatness. We became an industrialized force to be reckoned with and the greatest and largest economy on the face of the Earth. This would not have been possible without coal.

The impact of coal nowadays is no less evident. Today, coal keeps the United States strong by providing low-cost electricity that allows us to remain a leader in an increasingly competitive and challenging global economy. Coal supplies about one-half of our electricity needs in this country. It provides well-paying jobs for hundreds of thousands of Americans in the coal, rail, and electric utility sectors. Coal is the backbone of our baseload power fleet. It is reliable and it is cheap and it is ours. Nine out of every ten tons of coal mined each year in the U.S. are used for domestic electricity generation. We don't have to import it from overseas or even cross friendly borders to get our supply.

There are some, however, who have resolved to inhibit the production and use of coal and other hydrocarbons. Through burdensome and onerous regulations, they have waged a war on coal. Nowhere is this effort more evident than in the current Administration's effort to rewrite current surface mining rules under the guise of the new "Stream Protection Rule." The current "Stream Buffer Zone Rule" – now suspended by the Administration, was the result of years of environmental review, public comment and hearings, and responsible rulemaking. These new proposed regulations would supplant regulations that had been finalized in 2008 after a multi-year public process that included numerous environmental analyses and studies. Contrary to what opponents of the rule claimed, the 2008 rule was even more restrictive than the original Reagan-era rule.

What's even more frustrating is that interested parties are being limited in their ability to push back. The Administration is now purposefully limiting public comment opportunities and rushing forward with a rule that, by its own admission, will cost thousands of jobs. According to the Administration's own documents from the draft environmental impact statement, the proposed rule could cost at least 7,000 jobs and reduce production in 22 states. These are 7,000 high paying family-wage-jobs with good benefits in the Appalachian states and other rural areas of the country. With 7,000 breadwinners losing their jobs, the proposed rule will send 28,000 people into poverty, and this is a conservative estimate.

Once this devastating economic impact of the preferred alternative for the new stream buffer zone rewrite became public, the Administration immediately attempted to distance

itself from the contractor. It denied any knowledge of the forecasted job losses associated with the Administration's preferred alternative.

This is all so disconcerting because everyone of all political persuasions agrees that Americans need jobs right now. Americans also need affordable energy right now. Why this administration would work to draft rules that they know, will kill thousands of jobs and increase the price of ENERGY is inexplicable and indefensible, unless of course they have another agenda they are not admitting to.

During the course of this debate, Chairman Hastings and I have initiated an investigation into the Office of Surface Mining's attempt to rewrite the 2008 stream buffer zone rule and the ongoing fiasco resulting from the Administration's rushed effort to fast track major changes to a significant rule impacting

forty-eight percent of the Nation's electric power generating capacity. The new majority on the Natural Resources Committee now has a special office of investigations for such times as these.

Earlier this year, I had the opportunity to hear from Director Pizarchik in a subcommittee hearing I held regarding the President's Fiscal Year 2012 budget proposal for the Office of Surface Mining. The President's proposed budget includes legislative proposals to change the 2006 amendments to Title IV (4) of the Surface Mining Control and Reclamation Act amendments that took Congress ten years to negotiate and pass. The proposed changes to Title IV (4) will have a detrimental effect on the original deal states made with the federal government and codified in SMCRA where fifty percent of the abandoned mine land fees are returned to the state of origin. If

the Administration's amendments are adopted those states that are significant donors to the federal program will question what they get in return for their mandatory investment.

Since this administration took office, the Department of the Interior has consistently taken steps to reduce access to domestic energy and mineral resources on federal lands, even including, ironically enough, renewable resources like wind and solar. We don't have time enough this morning to highlight all the negative steps the Department has take to restrict domestic energy.

More than 130,000 Americans depend on coal production for their livelihood. Throughout America there are places where the only local industry is the coal mine. While the current Administration may think it is a "preferred alternative" to

displace tens of thousands of workers, destroying coal mining will kill these one-industry towns, push tens of thousands of American families into poverty, and leave our nation poorer – all counter to the original intent of SMCRA.

SMCRA was designed to promote the development of the Nation's largest resource of conventional fuel to help meet the energy needs of the American people while ensuring that the extraction of the coal resources is done in an environmentally responsible manner.

It is in no small part due to development of our abundant natural resources that America became the richest country on the face of the earth, won world wars, and raised our standard of living far above most other countries. Increasing access to these resources will allow us to become less dependent on foreign

sources of energy and minerals, create new private sector jobs, and add revenue to government treasuries, thus reducing the national debt and thereby increasing our national and economic security.

Your meeting here this week comes at an important turning point for the United States. We face a recession of epic proportions that has impacted every facet of our economy. I believe this Administration has failed to address the problems that have driven us into this recession. Professor James Hamilton from the University of California San Diego (UCSD) has written that "nine out of ten of the U.S. recessions since World War II were preceded by a spike up in oil prices." Does that sound familiar?

And yet now we are hearing some in Washington say we are “over consuming” oil and that prices are too low and need to be pushed higher to discourage consumption. Why would we need to lower supply and raise prices?

Americans want Washington to get out of the way so we can produce more domestic energy, lower gasoline and energy prices, and help small business begin hiring again. To answer that call, Republicans have announced the American Energy Initiative, an ongoing effort with three goals:

- End government policies that are driving up gasoline prices,
- Expand American energy production so as to lower costs & create more jobs, and
- Promote an “all-of-the-above” strategy to increase all forms of domestic energy.

I am pleased to strongly support Speaker John Boehner's American Energy Initiative. My subcommittee began taking steps in that direction this year when we both held hearings and then passed out of the full committee the first three bills that had been introduced as part of the solutions. These bills, introduced by Natural Resources Committee Chairman Doc Hastings, with me as the prime cosponsor, are the first steps in reforming our domestic energy policies to set us forward on a new path of expanding production of our nation's resources. These specific proposals also meet the goal of the Speaker to avoid the complicated hundreds or 1000 page bills that have been pushed in the past.

Specifically, the three bills we considered were HR 1229, "Putting the Gulf Back to Work Act" that will require the

Department of the Interior to issue permits within 30 days of application and to restrict associated litigation; HR 1230, the "Restarting American Offshore Leasing Now Act" that will resume Outer Continental Shelf lease sales off Virginia and in the Gulf of Mexico that were delayed or canceled by the Obama Administration; and HR 1231 the "Reversing President Obama's Offshore Moratorium Act that will open up the Outer Continental Shelf off all the coastal areas of our country."

These bills were subsequently passed by the House of Representatives and sent over to the Senate for consideration.

When the Administration took office in 2009, there was a proposed 2010-2015 OCS plan on the table. This Administration immediately scrapped that plan, and DELAYED the development of a new plan by two years. This delay period

is where we are at now with rising gasoline prices and declining production in the OCS.

While these bills deal directly with our oil and natural gas policies, they have not been the only effort from my Subcommittee. Last month after consideration by the subcommittee with oversight and legislative hearings the Full Committee marked up six additional bills designed to facilitate development of domestic energy resources including renewable energy resources and strategic and critical mineral resources. These include bills to open up the National Petroleum Reserve in Alaska and to inventory strategic and rare earth minerals, among others.

To date my subcommittee has held or been responsible for more hearings in the first seven months of this year than were held by it during the entire last Congress.

Tomorrow my subcommittee will hold a field hearing in Grand Junction, Colorado to examine "*American Jobs and Energy Security: Domestic Oil Shale the Status of Research, Regulation and Roadblocks.*"

Additional hearings on abandoned mined lands, SMCRA, and the pending re-write of the "Stream Buffer Zone Rule," are planned for September and October of this year.

These are just some of the issues I am working on with my fellow Republicans in Congress to promote energy security. Energy development and production delivers jobs, economic growth, and a secure energy future for our nation.

I want to congratulate the coal industry on the dedication of the Dry Fork Station on Thursday, August 11, 2011 – a fantastic state of the art, coal–fired electrical power generation plant owned by Basin Electric Power Cooperative and the Wyoming Municipal Power Agency. Many proposed coal-fired power plants have been put on hold pending the outcome of possible climate change legislation and new regulations being promulgated by EPA. The owners of this facility bit the bullet and built a plant designed to cope with possible new regulations. (By the way, there will be no cap-and-trade, or as I say, cap-and-**tax,** legislation coming out of this Congress.)

Coal is a critically important component of the Nation's energy mix and will be so long into the future – while alternative and renewable energy sources will play at best a supporting role. The base-load power for the Nation comes now and must for the foreseeable future come from COAL, as well as natural gas, and

nuclear power plants. Your industry has a great story to tell and I encourage you to tell it.

The United States is a nation rich in energy resources. There's absolutely no question that developing these resources will help this country become more stable economically.

As to the future, despite the naysayers who oppose the use of coal, even to the detriment of our nation, and the dreamers, who do not understand that energy does not come from simply wishing it to be, coal has a vital role to play in our nation's future.

We have a two to three hundred year supply of coal. It would be the height of foolishness to simply throw it away. I, for one, do not think it wise to abandon an energy source that has served us so well and that is so established in our way of life in exchange for speculative climate gains decades or even centuries in the future that may never materialize. Through technology,

we have continually made coal more efficient and cleaner, and I have every confidence that we will continue to do so going forward.

I stand with you to help bring an even brighter future and a more prosperous economy to America. I want to thank you for the opportunity to be here today. It has been an honor to address this distinguished group. And I would be happy to take a few of your questions.