Calendar No. 593

86TH CONGRESS, 1st Session | SENATE | REPORT No. 596

ALASKA COAL LEASING

JULY 28, 1959.—Ordered to be printed

Mr. GRUENING, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany S. 1723]

The Committee on Interior and Insular Affairs, to whom was referred the bill (S. 1723) to amend the act providing for the leasing of coal lands in Alaska in order to increase the acreage limitation in such act, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

Committee action in favorably reporting S. 1723 was unanimous, and the committee has adopted the maximum acreage limitation recommended by the Department of the Interior with the addition of discretionary authority in the Secretary of the Interior to lease up to an additional 10,240 under prescribed conditions.

EXPLANATION OF BILL

The purpose of S. 1723 is to promote the development of the vast coal reserves of Alaska and thereby the new State's economic progress. The bill would accomplish this purpose by amending section 27 of the Mineral Leasing Act of 1920, as amended (41 Stat. 437; 30 U.S.C. 184), to make the coal-leasing provisions of that act applicable to Alaska as it is to the other States. Maximum acreage that could be held by any one person, association, or corporation under Federal coal lease in Alaska would be 20,480 acres. The Secretary of the Interior would be given discretionary authority to grant additional acreage up to 10,240 acres under specified conditions and terms.

Necessarily, the 45-year-old law under which Alaska's vast coal deposits are presently administered is repealed (38 Stat. 741). The provisions of this 1914 act are far more severe and restrictive with respect to Alaska coal leasing than are the provisions of the Mineral Leasing Act applicable to the other 48 States. That is, under it Alaska coal leases now are limited to 2,560 acres in the aggregate. By the terms of the Mineral Leasing Act, however, the maximum that

34006

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may be held in the other States is 10,240 acres, with discretionary authority in the Secretary to grant leaseholds up to an additional 5,120 acres.

NEED FOR LEGISLATION

All witnesses appearing before the committee or communicating with it were unanimous in their findings that the present law not only is discriminatory, but is in fact retarding the development of one of Alaska's important resources with consequent damage to the economy as a whole. Evidence was presented to the committee that the Japanese steel industry is interested in purchasing very substantial amounts of coking coal found near tidewater in southeastern Alaska, and that American private enterprise is ready, willing, and able to invest the many millions of dollars necessary to develop the coal deposits to meet this demand.

However, because of the size of the investment required and the scale of the planned operation, the additional lease acreage provided by S. 1723, as amended, is essential.

The need and desirability of the proposed legislation was admirably summarized by the former Governor of Alaska, Hon. Frank B. Heintzleman, who was appointed to office by President Eisenhower. In his statement to the committee, Governor Heintzleman said:

> I am firmly of the opinion that a very substantial increase in the acreage limitation of coal land leases is essential to the development of a coal-mining industry in our State which can compete in the markets of the Pacific rim countries.
>
> Very large operating units, using the most modern machinery, will have to be provided to hold down costs; also an operating company will, in most cases, find it necessary to install all of the basic community facilities for its people in a remote area, and in many situations to provide railroad or some other form of transportation for the product to a tidewater harbor.
>
> The heavy investment required can only be financed and the operation properly amortized by definitely tying a much larger volume of coal to the enterprise than is available on 2,560 acres of coal land.
>
> Experience in offering timber-cutting rights in connection with the effort to develop the pulp industry in Alaska, which industry is now established there and operating successfully, showed the necessity of assuring a long-term supply of raw material to an Alaskan enterprise which requires a large capital investment to operate on a basis allowing it to compete in the general markets.
>
> In the case of the pulpmills, the investments ran to $50 million and $60 million each and the timber-cutting awards to a term of 50 years. Large-scale coal-mining operations can be expected to require equally impressive reserves of raw material. The present coal-mining activities in Alaska are geared to a small local market and are confined to coal de-

posits close to the route of the Alaska Railroad. Apparently, the existing 2,560-acre limitation on coal lease lands has not been too restrictive for these operations, but projects destined to enter the coal markets of the world present an entirely different set of conditions that must be met.

Alaska needs additional large and year-round industries to diversify and expand its economic foundation. A number of its huge deposits of coal of various types appear to constitute a resource that can be made to contribute under present conditions to a satisfaction of these needs. Every inducement not inconsistent with the broad public interest might well be offered at this time to encourage the establishment of successful export coal operations. Such an inducement is the granting of adequate coal reserves to large and well-financed prospective operators. I strongly recommend enactment of this bill.

Governor Heintzleman, as did all other witnesses other than Interior Department officials, agreed that the Interior Department's proposal for a flat limitation of 20,480 acres for Alaska coal leases, with no discretionary authority for additional acreage even in exceptional cases, would not be as satisfactory as the larger acreage.

COMPETITION WITH OTHER AREAS

The committee gave careful consideration to the question of whether the larger acreage proposed by S. 1723 for coal operations in Alaska would be discriminatory toward other coal-producing areas, and threaten any markets, real or potential, such areas might have. The committee's considered conclusion is that the geographic, geologic, and economic facts are such that no possible harm to any other coal-producing area could result from enactment of the legislation. Manchuria has been the historic source of coking coal for the Japanese steel industry. Development of the Alaskan deposits of this basic material would therefore create competition primarily for the Red Chinese. This and other potential markets for Alaskan coal are so far distant, geographically and economically, from the markets of other American coal-producing areas as to constitute no threat.

REPORTS OF EXECUTIVE AGENCIES

The favorable, if amended, report of the Department of the Interior, concurred in by the Bureau of the Budget, is set forth below. As stated, the committee has adopted the Department's recommendations with respect to the 20,480-acre limitation, and as to bringing Alaska under the Mineral Leasing Act, with consequent repeal of the 1914 Alaska Coal Leasing Act. It has, however, added the discretionary authority of the Secretary of the Interior to grant additional leases up to 10,240. The committee believes this provision is consistent with the similar discretionary authority conferred upon the Secretary as to additional leases in the other 48 States now in the law.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., June 18, 1959.

Hon. JAMES E. MURRAY,
Chairman, Committee on Interior and Insular Affairs,
U.S. Senate, Washington, D.C.

DEAR SENATOR MURRAY: This is in reply to your request for the views of this Department on S. 1723, a bill to amend the act providing for the leasing of coal lands in Alaska in order to increase the acreage limitation in such act.

We would not object to the enactment of S. 1723, if amended as suggested below.

The Mineral Leasing Act of February 25, 1920 (41 Stat. 437), as amended (30 U.S.C., sec. 181 et seq.), governs leasing of coal, phosphate, sodium, potassium, oil, oil shale, and gas on the public domain. This act is applicable equally to Alaska and the other States, except that it does not apply to coal in Alaska. The leasing of coal on the public domain in Alaska is governed by the act of October 20, 1914 (38 Stat. 741), as amended (48 U.S.C., sec. 432–452). Under the 1914 act not more than 2,560 acres may be leased to any one party. This is a much more stringent limitation than that applied by the general statute which permits a party to hold 10,240 acres under coal lease in any one State, and in some circumstances permits the holding of an additional 5,120 acres under coal lease in a State. In this respect, it is interesting to note that the 1920 act permits the holding of greater acreage under oil and gas lease in Alaska than elsewhere. S. 1723 would amend the 1914 act to permit a party to hold 30,720 acres under coal lease in Alaska.

The present acreage limitation imposed by the Alaska Coal Lands Act is intended to prevent monopoly. However, we can discover little danger of that in the coal industry, and we believe that any danger of monopoly which does exist can best be overcome by encouraging the development of further resources. The present restriction applicable to Alaska is so stringent that it tends to discourage investment in coal mining there, and if the Federal Government is to permit the more complete utilization of low- and medium-grade coal deposits under more modern methods of mechanized mining an increase in the acreage limitation appears necessary. Under the geologic conditions prevailing in Alaska coal deposits in many cases are variable and unpredictable. Lessees operating more than one mine and mining more than one type of coal may find it imperative that they be permitted to acquire additional land without giving up the land now being worked by them. In many cases isolated areas at the present time cannot be developed because before they can be leased, existing operations must be dropped. An increase in the acreage limitation would probably encourage many existing lessees to explore and develop larger areas than they may at the present time hold under lease. At the present time there is increased interest in coal production in Alaska for foreign export. We believe that every effort should be made to induce the timely and proper development in Alaska's coal resources. Accordingly, we feel that an increase in

the maximum acreage which may be held under coal lease in Alaska is desirable; however, we do not at this time favor the increase proposed by S. 1723.

It seems highly illogical that the Mineral Leasing Act should have general application to the public domain both in Alaska and the older States, except with respect to this one mineral in Alaska. The coal leasing provisions of the 1920 act have proved generally satisfactory. Objections to the limitations on acreage which may be held under lease as unduly restrictive have been answered by the act of August 21, 1958 (72 Stat. 688), which established the present limitations. As far as we know, there is now no objection to the coal provisions of the 1920 act. Recognition of the increased cost and difficulty, due to distance, terrain, and climate, of coal mining in Alaska may be made by establishing for Alaska a greater maximum acreage than applicable elsewhere. This is already the case with oil and gas leasing under the Mineral Leasing Act, under section 27 of which (30 U.S.C., sec. 184) acreage under lease in Alaska is limited to 100,000 acres, while in each of the other States 46,080 acres may be held under lease. Similar treatment for Alaska with respect to coal would seem justified, and we recommend that in Alaska the basic limitation be set at 20,480 acres rather than at 10,240 acres. Accordingly, we see no reason to preserve the 1914 act governing the leasing of coal in Alaska, and we suggest that it be repealed and the coal-leasing provisions of the 1920 act made applicable in all respects to Alaska. This may be achieved by deleting all in S. 1723 after line 5 and substituting therefor the following:

"Repealed.

"SEC. 2. (a) The first sentence of section 2 of the Act of February 25, 1920 (41 Stat. 437, 438), as amended (30 U.S.C., sec. 201), is further amended by the deletion of the words 'outside of the Territory of Alaska'.

"(b) The first sentence of section 27 of the Act of February 25, 1920 (41 Stat. 437, 449), as amended (30 U.S.C., sec. 184), is further amended by the insertion immediately prior to the colon of a comma and the following: 'except that in the State of Alaska coal leases or permits not exceeding an aggregate of twenty thousand four hundred and eighty acres may be held'. The proviso to that sentence is amended by the insertion after 'said ten thousand two hundred and forty acres' of the following: '(or, in the case of Alaska, twenty thousand four hundred and eighty acres)'."

The title of S. 1723 should be amended to read "To repeal the Act of October 20, 1914 (38 Stat. 741), as amended (48 U.S.C., secs. 432–452), and for other purposes".

Since we are informed that there is a particular urgency for the submission of the views of the Department, this report has not been cleared through the Bureau of the Budget and, therefore, no commitment can be made concerning the relationship of the views expressed herein to the program of the President.

Sincerely yours,

ELMER F. BENNETT,
Acting Secretary of the Interior.

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EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., June 30, 1959.

Hon. JAMES E. MURRAY,
Chairman, Committee on Interior and Insular Affairs,
New Senate Office Building, Washington, D.C.

MY DEAR MR. CHAIRMAN: This is in response to your request for the views of the Bureau of the Budget with respect to S. 1723, a bill to amend the act providing for the leasing of coal lands in Alaska in order to increase the acreage limitation in such act.

The report which the Secretary of the Interior is submitting on this bill raises no objection to enactment if amended as indicated therein. This Bureau concurs in that report.

Accordingly, there would be no objection to the enactment of S. 1723 if amended as suggested by the Secretary of the Interior.

Sincerely yours,

PHILLIP S. HUGHES,
Assistant Director for Legislative Reference.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill (S. 1723), as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

THE ALASKA COAL LEASING ACT OF 1914 (38 STAT. 714; 48 U.S.C. 432 ET SEQ.)

[CHAP. 330.—An Act To provide for the leasing of coal lands in the Territory of Alaska, and for other purposes

[*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Interior be, and hereby is, authorized and directed to survey the lands of the United States in the Territory of Alaska known to be valuable for their deposits of coal, preference to be given first in favor of surveying lands within those areas commonly known as the Bering River, Matanuska, and Nenana coal fields, and thereafter to such areas or coal fields as lie tributary to established settlements or existing or proposed rail or water transportation lines: *Provided,* That such surveys shall be executed in accordance with existing laws and rules and regulations governing the survey of public lands. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $100,000 for the purpose of making the surveys herein provided for, to continue available until expended: *Provided,* That any surveys heretofore made under the authority or by the approval of the Department of the Interior may be adopted and used for the purposes of the Act.

[SEC. 2. That the President of the United States shall designate and reserve from use, location, sale, lease, or disposition not exceeding five thousand one hundred and twenty acres of coal-bearing land in the Bering River field and not exceeding seven thousand six hundred and eighty acres of coal-bearing land in the Matanuska field, and not

to exceed one-half of the other coal lands in Alaska: *Provided*, That the coal deposits in such reserved areas may be mined under the direction of the President when, in his opinion, the mining of such coal in such reserved areas, under the direction of the President, becomes necessary, by reason of an insufficient supply of coal at a reasonable price for the requirements of Government works, construction and operation of Government railroads, for the Navy, for national protection, or for relief from monopoly or oppressive conditions.

[SEC. 3. That the unreserved coal lands and coal deposits shall be divided by the Secretary of the Interior into leasing blocks or tracts of forty acres each, or multiples thereof, and in such form as in the opinion of the Secretary will permit the most economical mining of the coal in such blocks, but in no case exceeding two thousand five hundred and sixty acres in any one leasing block or tract; and thereafter, the Secretary shall offer such blocks or tracts and the coal, lignite, and associated minerals therein for leasing, and may award leases thereof through advertisement, competitive bidding, or such other methods as he may by general regulations adopt, to any person above the age of twenty-one years who is a citizen of the United States, or to any association of such persons, or to any corporation or municipality organized under the laws of the United States or of any State or Territory thereof: *Provided*, That a majority of the stock of such corporation shall at all times be owned and held by citizens of the United States: *And provided further*, That no railroad or common carrier shall be permitted to take or acquire through lease or permit under this Act any coal or coal lands in excess of such area or quantity as may be required and used solely for its own use, and such limitation of use shall be expressed in all leases or permits issued to railroads or common carriers hereunder: *And provided further*, That any person, association, or corporation qualified to become a lessee under this Act and owning any pending claim under the public-land laws to any coal lands in Alaska may, within one year from the passage of this Act, enter into an arrangement with the Secretary of the Interior by which such claim shall be fully relinquished to the United States; and if in the judgment of the Secretary of the Interior, the circumstances connected with such claim justify so doing, the moneys paid by the claimant or claimants to the United States on account of such claim shall, by direction of the Secretary of the Interior, be returned and paid over to such person, association, or corporation as a consideration for such relinquishment.

[All claims of existing rights to any of such lands in which final proof has been submitted and which are now pending before the Commissioner of the General Land Office or the Secretary of the Interior for decision shall be adjudicated within one year from the passage of this Act.

[SEC. 4. That a person, association, or corporation holding a lease of coal lands under this act may, with the approval of the Secretary of the Interior and through the same procedure and upon the same terms and conditions as in the case of an original lease under this Act, secure a further or new lease covering additional lands contiguous to those embraced in the original lease, but in no event shall the total area embraced in such original and new leases exceed in the aggregate two thousand five hundred and sixty acres.

[That upon satisfactory showing by any lessee to the Secretary of the Interior that all of the workable deposits of coal within a tract covered by his or its lease will be exhausted, worked out, or removed within three years thereafter, the Secretary of the Interior may, within his discretion, lease to such lessee an additional tract of land or coal deposits, which, including the coal area remaining in the original lease, shall not exceed two thousand five hundred and sixty acres, through the same procedure and under the same competitive conditions as in case of an original lease.

[SEC. 5. That, subject to the approval of the Secretary of the Interior, lessees holding under leases small blocks or areas may consolidate their said leases or holdings so as to include in a single holding not to exceed two thousand five hundred and sixty acres of contiguous lands.

[SEC. 6. That each lease shall be for such leasing block or tract of land as may be offered or applied for, not exceeding in area two thousand five hundred and sixty acres of land, to be described by the subdivisions of the survey, and no person, association, or corporation, except as hereinafter provided, shall be permitted to take or hold any interest as a stockholder or otherwise in more than one such lease under this Act, and any interest held in violation of this proviso shall be forfeited to the United States by appropriate proceedings instituted by the Attorney General for that purpose in any court of competent jurisdiction, except that any such ownership and interest hereby forbidden which may be acquired by descent, will, judgment, or decree may be held for two years, and not longer, after its acquisition.

[SEC. 7. That any person who shall purchase, acquire, or hold any interest in two or more such leases, except as herein provided, or who shall knowingly purchase, acquire, or hold any stock in a corporation having an interest in two or more such leases, or who shall knowingly sell or transfer to one disqualified to purchase, or except as in this Act specifically provided, disqualified to acquire, any such interest, shall be deemed guilty of a felony, and upon conviction shall be punished by imprisonment for not more than three years and by a fine not exceeding $1,000: *Provided*, That any such ownership and interest hereby forbidden which may be acquired by descent, will, judgment, or decree may be held two years after its acquisition and not longer, and in case of minority or other disability such time as the court may decree.

[SEC. 8. That any director, trustee, officer, or agent of any corporation holding any interest in such a lease who shall, on behalf of such corporation, act in the purchase of any interest in another lease, or who shall knowingly act on behalf of such corporation in the sale or transfer of any such interest in any lease held by such corporation to any corporation or individual holding any interest in any such a lease, except as herein provided, shall be guilty of a felony and shall be subject to imprisonment for a term of not exceeding three years and a fine of not exceeding $1,000.

[SEC. 8a. If any of the lands or deposits leased under the provisions of this Act shall be subleased, trusteed, possessed, or controlled by any device permanently, temporarily, directly, indirectly, tacitly, or in any manner whatsoever, so that they form part of or are in anywise controlled by any combination in the form of an unlawful trust, with

consent of lessee, or form the subject of any contract or conspiracy in restraint of trade in the mining or selling of coal, entered into by the lessee, or of any holding of such lands by any individual, partnership, association, corporation, or control, in excess of two thousand five hundred and sixty acres in the Territory of Alaska, the lease thereof shall be forfeited by appropriate court proceedings.

[SEC. 9. That for the privilege of mining and extracting and disposing of the coal in the lands covered by his lease the lessee shall pay to the United States such royalties as may be specified in the lease, which shall not be less than two cents per ton, due and payable at the end of each month succeeding that of the shipment of the coal from the mine, and an annual rental, payable at the beginning of each year, on the lands covered by such lease, at the rate of twenty-five cents per acre for the first year thereafter, fifty cents per acre for the second, third, fourth, and fifth years, and $1 per acre for each and every year thereafter during the continuance of the lease, except that such rental for any year shall be credited against the royalties as they accrue for that year. Leases may be for periods of not more than fifty years each, subject to renewal, on such terms and conditions as may be authorized by law at the time of such renewal. All net profits from operation of Government mines, and all royalties and rentals under leases as herein provided, shall be deposited in the Treasury of the United States in a separate and distinct fund to be applied to the reimbursement of the Government of the United States on account of any expenditures made in the construction of railroads in Alaska, and the excess shall be deposited in the fund known as The Alaska Fund, established by the Act of Congress of January twenty-seventh, nineteen hundred and five, to be expended as provided in said last-mentioned Act.

[SEC. 10. That in order to provide for the supply of strictly local and domestic needs for fuel the Secretary of the Interior may, under such rules and regulations as he may prescribe in advance, issue to any applicant qualified under section three of this Act a limited license or permit granting the right to prospect for, mine, and dispose of coal belonging to the United States on specified tracts not to exceed ten acres to any one person or association of persons in any one coal field for a period of not exceeding ten years, on such conditions not inconsistent with this Act as in his opinion will safeguard the public interest, without payment of royalty for the coal mined or for the land occupied: *Provided*, That the acquisition of holding of a lease under the preceding sections of this Act shall be no bar to the acquisition, holding, or operating under the limited license in this section permitted. And the holding of such a license shall be no bar to the acquisition or holding of such a lease or interest therein.

[SEC. 11. That any lease, entry, location, occupation, or use permitted under this Act shall reserve to the Government of the United States the right to grant or use such easements in, over, through, or upon the land leased, entered, located, occupied, or used as may be necessary or appropriate to the working of the same or other coal lands by or under authority of the Government and for other purposes: *Provided*, Than said Secretary, in his discretion, in making any lease under this Act, may reserve to the United States the right to lease, sell, or otherwise dispose of the surface of the lands embraced within such lease under existing law or laws hereafter enacted in so

far as said surface is not necessary for use by the lessee in extracting and removing the deposits of coal therein. If such reservation is made, it shall be so determined before the offering of such lease.

[That the said Secretary during the life of the lease is authorized to issue such permits for easements herein provided to be reserved, and to permit the use of such other public lands in the Territory of Alaska as may be necessary for the construction and maintenance of coal washeries or other works incident to the mining or treatment of coal, which lands may be occupied and used jointly or severally by lessees or permittees, as may be determined by said Secretary.

[SEC. 12. That no lease issued under authority of this Act shall be assigned or sublet except with the consent of the Secretary of the Interior. Each lease shall contain provisions for the purpose of insuring the exercise of reasonable diligence, skill, and care in the operation of said property, and for the safety and welfare of the miners and for the prevention of undue waste, including a restriction of the workday to not exceeding eight hours in any one day for underground workers except in cases of emergency; provisions securing the workers complete freedom of purchase, requiring the payment of wages at least twice a month in lawful money of the United States, and providing proper rules and regulations to secure fair and just weighing or measurement of the coal mined by each miner, and such other provisions as are needed for the protection of the interests of the United States, for the prevention of monopoly, and for the safeguarding of the public welfare.

[SEC. 13. That the possession of any lessee of the land or coal deposits leased under this act for all purposes involving adverse claims to the leased property shall be deemed the possession of the United States, and for such purposes the lessee shall occupy the same relation to the property leased as if operated directly by the United States.

[SEC. 14. That any such lease may be forfeited and canceled by appropriate proceeding in a court of competent jurisdiction whenever the lessee fails to comply with any provision of the lease or of general regulations promulgated under this Act; and the lease may provide for the enforcement of other appropriate remedies for breach of specified conditions thereof.

[SEC. 15. That on and after the approval of this Act no lands in Alaska containing deposits of coal withdrawn from entry or sale shall be disposed of or acquired in any manner except as provided in this Act: *Provided*, That the passage of this Act shall not affect any proceeding now pending in the Department of the Interior, and any such proceeding may be carried to a final determination in said department notwithstanding the passage hereof: *Provided further*, That no lease shall be made, under the provisions hereof, of any land, a claim for which is pending in the Department of the Interior at the date of the passage of this Act, until and unless such claim is finally disposed of by the department adversely to the claimant.

[SEC. 16. That all statements, representations, or reports required, unless otherwise specified, by the Secretary of the Interior under this Act shall be upon oath and in such form and upon such blanks as the Secretary of the Interior may require, and any person making false oath, representation, or report shall be subject to punishment as for perjury.

[SEC. 17. That the Secretary of the Interior is authorized to prescribe the necessary and proper rules and regulations and to do any and all things necessary to carry out and accomplish the purposes of this Act.

[SEC. 18. That all Acts and parts of Acts in conflict herewith are hereby repealed.]

Approved, October 20, 1914.

THE MINERAL LEASING ACT OF 1920 (41 STAT. 437, 438; 30 U.S.C. 201)

* * * * * * *

SEC. 2. (a) The Secretary of the Interior is authorized to divide any of the coal lands or the deposits of coal, classified and unclassified, owned by the United States, [outside of the Territory of Alaska,] into leasing tracts of forty acres each, or multiples thereof, and in such form as, in his opinion, will permit the most economical mining of the coal in such tracts, but in no case exceeding two thousand five hundred and sixty acres in any one leasing tract, and thereafter he shall, in his discretion, upon the request of any qualified applicant or on his own motion, from time to time, offer such lands or deposits of coal for leasing, and shall award leases thereon by competitive bidding or by such other methods as he may by general regulations adopt, to any qualified applicant.

* * * * * * *

SEC. 27. [No person, association, or corporation, except as herein provided, shall take or hold coal leases or permits during the life of such lease in any one State exceeding an aggregate of ten thousand two hundred and forty acres: *Provided*, That a person, association or corporation may apply for coal leases or permits for acreage in addition to said ten thousand two hundred and forty acres, which application or applications shall be in multiples of forty acres, not exceeding a total of five thousand one hundred twenty additional acres in such State, and shall contain a statement that the granting of a lease for such additional lands is necessary for the person, association, or corporation to carry on business economically and is in the public interest. On the filing of said application, the coal deposits in such lands covered thereby shall be temporarily set aside and withdrawn from all forms of disposal under this Act. The Secretary of the Interior shall, after posting notice of the pending application in the local land office, conduct public hearings on said application or applications for additional acreage. After such public hearings, to such extent as he finds to be in the public interest and necessary for the applicant in order to carry on business economically the Secretary of the Interior may, under such regulations as he may prescribe, permit such person, association, or corporation to take or hold coal leases or permits for an additional aggregate acreage of not more than five thousand one hundred and twenty acres in such State. The Secretary may, in his own discretion or whenever sufficient public interest is manifested, reevaluate the lessee's or permittee's need for all or any part of the additional acreage. The Secretary may cancel the lease or leases and permit or permits covering all or any part of

the additional acreage, if he finds that such cancellation is in the public interest or that the coal deposits in the additional acreage are no longer necessary for the lessee or permittee to carry on business economically of if the lessee or permittee has divested himself of all or any part of the original ten thousand two hundred and forty acres or no longer has facilities which in the Secretary's opinion enable him to exploit the deposits under lease or permit.] *No person, association, or corporation, except as herein provided, shall take or hold coal leases or permits during the life of such lease in any one State, except Alaska, exceeding an aggregate of ten thousand two hundred and forty acres and, with respect to Alaska, twenty thousand four hundred and eighty acres: Provided, That a person, association, or corporation may apply for coal leases or permits for acreage in addition to said acreage, which application or applications shall be in multiples of forty acres, not exceeding a total of five thousand one hundred twenty additional acres in such State or ten thousand two hundred and forty acres in the State of Alaska and shall contain a statement that the granting of a lease for such additional lands is necessary for the person, association, or corporation to carry on business economically and is in the public interest. On the filing of said application, the coal deposits in such lands covered thereby shall be temporarily set aside and withdrawn from all forms of disposal under this Act. The Secretary of the Interior shall, after posting notice of the pending application in the local land office, conduct public hearings on said application or applications for additional acreage. After such public hearings, to such extent as he finds to be in the public interest and necessary for the applicant in order to carry on business economically, the Secretary of the Interior may, under such regulations as he may prescribe, permit such person, association, or corporation to take or hold coal leases or permits for an additional aggregate acreage of not more than five thousand one hundred and twenty acres in such State or ten thousand two hundred and forty acres in the State of Alaska, as the case may be. The Secretary may, in his own discretion or whenever sufficient public interest is manifested, reevaluate the lessee's or permittee's need for all or any part of the additional acreage. The Secretary may cancel the lease or leases and permit or permits covering all or any part of the additional acreage, if he finds that such cancellation is in the public interest or that the coal deposits inthe additional acreage are no longer necessary for the lessee or permittee to carry on business economically or if the lessee or permittee has divested himself of all or any part of the original ten thousand two hundred and forty acres, or, with respect to the State of Alaska, twenty thousand four hundred and eighty acres or no longer has facilities which in the Secretary's opinion enable him to exploit the deposits under lease or permit.*

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