

109TH CONGRESS  
1ST SESSION

# S. 814

To amend the Mineral Leasing Act to promote the development of Federal coal resources.

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IN THE SENATE OF THE UNITED STATES

APRIL 15, 2005

Mr. THOMAS (for himself and Mr. ENZI) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

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## A BILL

To amend the Mineral Leasing Act to promote the development of Federal coal resources.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Coal Leasing Amend-  
5 ments Act of 2005”.

6 **SEC. 2. FINANCIAL ASSURANCES WITH RESPECT TO BONUS**  
7 **BIDS.**

8 Section 2(a) of the Mineral Leasing Act (30 U.S.C.  
9 201(a)) is amended by adding at the end the following:

1       “(4)(A) The Secretary shall not require a surety bond  
2 or any other financial assurance to guarantee payment of  
3 deferred bonus bid installments with respect to any coal  
4 lease issued on a cash bonus bid to a lessee or successor  
5 in interest having a history of a timely payment of noncon-  
6 tested coal royalties and advanced coal royalties in lieu  
7 of production (where applicable) and bonus bid installment  
8 payments.

9       “(B) The Secretary may waive any requirement that  
10 a lessee provide a surety bond or other financial assurance  
11 for a coal lease issued before the date of enactment of  
12 this paragraph only if the Secretary determines that the  
13 lessee has a history of making the timely payments de-  
14 scribed in subparagraph (A).

15       “(5) Notwithstanding any other provision of law, if  
16 the lessee under a coal lease fails to pay any installment  
17 of a deferred cash bonus bid within 10 days after the Sec-  
18 retary provides written notice that payment of the install-  
19 ment is past due—

20               “(A) the lease shall automatically terminate;  
21 and

22               “(B) any bonus payments already made to the  
23 United States with respect to the lease shall not be  
24 returned to the lessee or credited in any future lease  
25 sale.”.

1 **SEC. 3. MINING PLANS.**

2 Section 2(d)(2) of the Mineral Leasing Act (30  
3 U.S.C. 202a(2)) is amended—

4 (1) by inserting “(A)” after “(2)”; and

5 (2) by adding at the end the following:

6 “(B) The Secretary may establish a period of more  
7 than 40 years if the Secretary determines that the longer  
8 period—

9 (i) will ensure the maximum economic recovery  
10 of a coal deposit; or

11 (ii) is in the interest of the orderly, efficient,  
12 or economic development of a coal resource.”.

13 **SEC. 4. REPEAL OF THE 160-ACRE LIMITATION FOR COAL**  
14 **LEASES.**

15 Section 3 of the Mineral Leasing Act (30 U.S.C. 203)  
16 is amended in the first sentence by striking “such lease,”  
17 and all that follows through the period at the end and  
18 inserting “the lease.”.

19 **SEC. 5. PAYMENT OF ADVANCE ROYALTIES UNDER COAL**  
20 **LEASES.**

21 (a) IN GENERAL.—Section 7 of the Mineral Leasing  
22 Act of 1920 (30 U.S.C. 207) is amended by striking sub-  
23 section (b) and inserting the following:

24 “(b)(1) Each lease shall be subject to the condition  
25 of diligent development and continued operation of the  
26 mine, except in cases in which operations under the lease

1 are interrupted by strikes, the elements, or casualties not  
2 attributable to the lessee.

3 “(2)(A) The Secretary of the Interior may suspend  
4 the condition of continued operation on the payment of  
5 advance royalties if the Secretary of the Interior deter-  
6 mines that the suspension is in the public interest.

7 “(B) The amount of advance royalties to be paid  
8 under subparagraph (A) shall be determined based on—

9 “(i)(I) the average price in the spot market for  
10 sales of coal from the same region during the last  
11 month of each applicable continued operation year;  
12 or

13 “(II) if there is no spot market for coal from  
14 the same region, a comparable method established  
15 by the Secretary of the Interior to capture the com-  
16 mercial value of coal; and

17 “(ii) based on commercial quantities, as defined  
18 by regulations issued by the Secretary of the Inte-  
19 rior.

20 “(C) Advance royalties may be accepted in lieu of the  
21 condition of continued operation for not more than a total  
22 of 20 years during the initial term and any extended terms  
23 of a lease.

24 “(3)(A) Subject to subparagraph (B), the amount of  
25 a production royalty paid for any year shall be reduced

1 by the amount of any advance royalties paid under the  
2 lease to the extent that the advance royalties have not  
3 been used to reduce production royalties for a prior year.

4 “(B) The amount of a production royalty shall not  
5 be reduced below zero.

6 “(4) This subsection applies to any lease or logical  
7 mining unit that is—

8 “(A) in existence on the date of enactment of  
9 this paragraph; or

10 “(B) issued or approved after the date of enact-  
11 ment of this paragraph.

12 “(5) Nothing in this subsection affects the require-  
13 ment in the second sentence of subsection (a) relating to  
14 commencement of production at the end of 10 years.”.

15 (b) **AUTHORITY TO WAIVE, SUSPEND, OR REDUCE**  
16 **ADVANCE ROYALTIES.**—Section 39 of the Mineral Leas-  
17 ing Act (30 U.S.C. 209) is amended by striking the last  
18 sentence.

19 **SEC. 6. ELIMINATION OF DEADLINE FOR SUBMISSION OF**  
20 **COAL LEASE OPERATION AND RECLAMATION**  
21 **PLAN.**

22 Section 7(c) of the Mineral Leasing Act (30 U.S.C.  
23 207(c)) is amended in the first sentence by striking “and  
24 not later than three years after a lease is issued,”.

1 **SEC. 7. INVENTORY REQUIREMENT.**

2 (a) DEFINITIONS.—In this section:

3 (1) COMPLIANT COAL.—The term “compliant  
4 coal” means coal that contains not less than 1.0 and  
5 not more than 1.2 pounds of sulfur dioxide per mil-  
6 lion Btu.

7 (2) SECRETARY.—The term “Secretary” means  
8 the Secretary of the Interior.

9 (3) SUPERCOMPLIANT COAL.—The term  
10 “supercompliant coal” means coal that contains less  
11 than 1.0 pounds of sulfur dioxide per million Btu.

12 (b) REVIEW OF ASSESSMENTS; INVENTORY.—The  
13 Secretary, in consultation with the Secretary of Agri-  
14 culture and the Secretary of Energy, shall review coal as-  
15 sessments and other available data for purposes of pre-  
16 paring an inventory that identifies—

17 (1) public land with coal resources;

18 (2) the extent and nature of any restrictions or  
19 impediments to the development of coal resources on  
20 the public land identified under paragraph (1); and

21 (3) with respect to areas of the identified public  
22 land for which sufficient data exists, resources of  
23 compliant coal and supercompliant coal.

24 (c) COMPLETION AND UPDATES OF INVENTORY.—

25 (1) COMPLETION.—Not later than 2 years after  
26 the date of enactment of this Act, the Secretary

1 shall complete the inventory required under sub-  
2 section (b).

3 (2) UPDATES.—The Secretary shall update the  
4 inventory prepared under subsection (b) as the avail-  
5 ability of data and developments in technology war-  
6 rant.

7 (d) REPORT.—The Secretary shall submit to the  
8 Committee on Resources of the House of Representatives  
9 and the Committee on Energy and Natural Resources of  
10 the Senate and make publicly available—

11 (1) on completion of the inventory required  
12 under subsection (b), a report that includes the in-  
13 ventory; and

14 (2) any updates of the inventory prepared  
15 under subsection (c)(2).

16 **SEC. 8. APPLICATION OF AMENDMENTS.**

17 The amendments made by this Act apply with respect  
18 to any coal lease issued before, on, or after the date of  
19 enactment of this Act.

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