



000220

200337

rec'd at 10/30 mty

WYOMING MINING ASSOCIATION**ENTERED**
Office of the Secretary

NOV 16 2000

Part of
Public Record

WYOMING MINING ASSOCIATION

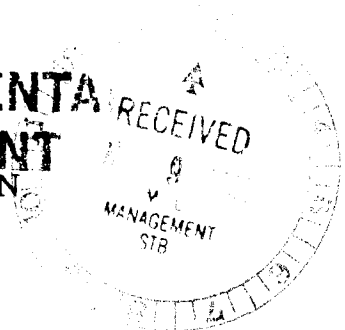
COMMENTS ON

DRAFT ENVIRONMENTAL IMPACT STATEMENT

FOR

ENVIRONMENTAL
DOCUMENT

DAKOTA, MINNESOTA, AND EASTERN RAILROAD EXPANSION

AREA CODE 307
PHONE 635-0331
FAX 778-6240
EMAIL wma@vcn.com
HITCHING POST INN
P.O. Box 866
Cheyenne, Wyoming
82003

Good evening. My name is Marion Loomis. I am the Executive Director of the Wyoming Mining Association (WMA). The Wyoming Mining Association represents 28 mining companies producing bentonite, coal, trona and uranium. Wyoming leads the nation in all four of those minerals. Wyoming coal mines produced 336 million tons of coal last year supplying almost 30% of the nation's production. Our coal members include every mine that would be served by the proposed railroad.

WMA urges the Surface Transportation Board to adopt Alternative C as its preferred alternative for construction of this project. WMA also recommends that STB reject the no action alternative.

Minerals are the most important source of revenue for the state of Wyoming accounting for over 900 million dollars of taxes, royalties, and fees. Coal production provides over 260 million dollars annually for the state of Wyoming. There are over 4,000 employees making a living producing coal in Wyoming earning an average of \$50,000 per year.

These are some of the highest paying jobs in Wyoming. Continued production of coal in Wyoming is critical to our economic development and future. Out of the 336 million tons of coal produced in 1999, only 25 million was consumed in Wyoming. That means over 311 million tons were moved to power plants in other states. All of that coal moved via rail. While continued improvement in rail infrastructure is critical to expanding the markets for Wyoming coal as well as maintaining our existing markets, it is important to recognize the huge investment that existing railroads have made in their infrastructure to allow Wyoming mines to increase production to the record levels realized to date.

One of the primary reasons Wyoming mines have been able to capture 30% of the nation's production was the development of a second railroad into the Powder River Basin (PRB). When the Union Pacific and the Chicago and Northwestern Railroads developed a second railroad into the PRB, freight rates dropped 30%. That allowed Wyoming mines to compete with mines in the east and Midwest. We assume that a third railroad will result in similar lower delivered coal prices. This also has the advantage to make Wyoming PRB coal more competitive in the market place, thus expanding production. We are already seeing this coal move as far East as Massachusetts in the last two weeks. New sales also help the state with larger state and federal tax revenues, which assist the state's residents. More production also adds more high paying jobs and allows the industry to buy other products such as fuel, power, tires, explosives, nuts, and bolts from Wyoming businesses.

The DM&E's location should position it to deliver coal over fewer miles to Wisconsin. The DM&E should be able to reach Lake Michigan and related Lake Traffic easier than

competing rail carriers. This should help better position Wyoming coal for the Lake Markets, which have been slow to develop over the last few years. Lake Michigan access should expand the SPRB Market further east along the Great Lakes.

All of us should be concerned with our nation's over reliance on imported energy. If we are ever to be energy independent, coal will have to play a major role. There are some that feel our nation should rely more on natural gas for electric power. Natural gas is a great resource, but it is a waste of natural gas to use it for electric generation when we have such abundant sources of coal. At the current price of \$5 per thousand cubic feet (MCF) for natural gas, the cost to a utility would be a minimum of \$5 per million BTU's. At a price of \$4 per ton for Powder River Basin coal, the cost per million BTU's is only 23 cents. When transportation is included the average price ranges from 75 cents per million BTU's to \$1.25.

It is also important to recognize that coal from Wyoming contains much less sulfur than most of the coals from the Midwest. Wyoming coal will meet the stringent SO₂ requirements of the Clean Air Act and therefore should be encouraged as a fuel of choice. As utilities make their decisions on how to comply with the Clean Air Act Amendments of 1990, they should have the option of switching to low sulfur coal from Wyoming.

WMA is also very concerned with continued service to the bentonite operations in Northeast Wyoming. I mentioned that Wyoming leads the nation in production of bentonite. Without continued rail service from DM&E, a significant portion of

Wyoming's bentonite production could be lost. I have been informed that without significant investment in the existing rail line, it may be impossible to continue service to Northeast Wyoming. The only way that these investments can be made is if the railroad has the capital necessary to upgrade the roadbed. It may be impossible to generate that capital without the expansion into the Powder River Basin coal mines. It is important to recognize that the bentonite operations provide one of the major economic activities in Crook and Weston Counties.

In summary, WMA urges the STB to adopt Alternative C as its preferred alternative for construction for this project

Thank you for your consideration of the Wyoming Mining Association's concerns.