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## Industry briefs Senate staff on energy security gains offered by CTL fuels

More than 50 Senate staff members this week participated in an industry briefing on Capitol Hill that demonstrated how using America's large coal reserves to produce ultra-clean transportation fuels can yield tremendous energy security benefits. John Ward, vice president of marketing and government affairs for Headwaters Incorporated, told Senate staff at an Oct. 17 briefing that a coal-to-liquid (CTL) fuels industry can help greatly alleviate the price and supply shocks linked to America's over-reliance on foreign oil, but cautioned that developing a fully functioning domestic CTL industry requires swift action by Congress.

Ward noted that interest in developing a domestic CTL industry was strong post-World War II, but bottomed out following the discovery of oil in the Middle East, only to peak again during the oil crisis of the 1970s and faded due to price

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*John Ward, vice president of marketing and government affairs for Headwaters Incorporated, told Senate staff at an Oct. 17 Capitol Hill briefing that a domestic coal-to-liquid (CTL) fuels industry offers America a wide range of energy security and environmental benefits. During the briefing, Ward outlined a number of steps Congress can take to help support the creation of an American CTL fuels industry.*

## NMA urges ESA overhaul in DOI Cooperative Conservation comments

NMA last week called on the Department of the Interior (DOI) to significantly improve the implementation and operation of the Endangered Species Act (ESA) to ensure the act results in actual species recovery, while lessening the onerous and ineffective regulatory burdens imposed on land owners. NMA detailed the need for ESA reform in comments submitted to DOI on Oct. 13 regarding federal government efforts to promote and improve joint public-private Cooperative Conservation initiatives. NMA's comments also highlighted "Good Samaritan" legislation, which enables voluntary clean-up projects at abandoned hardrock mines, as a perfect example of how Cooperative Conservation can help meet critical environmental policy goals.

To underscore the need for ESA habitat designation reform, NMA noted that while there are currently 1,200 domestic species listed as endangered or threatened, only 40 have ever been removed from the list, and of that group, only nine species were de-listed due to actual species recovery. "Reform of the manner in which we protect endangered species is clearly warranted by any measure," NMA said. "Despite the enormous regulatory burden imposed by the current regime, less than 1 percent of species has achieved recovery as intended," NMA wrote.

NMA also noted that even the U.S. Fish and Wildlife Service (FWS) has called for

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## About Mining Week...

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manipulation by foreign cartels intent on preventing American production of CTL fuels. Ward stressed that America cannot let a third opportunity to develop a CTL industry fall by the wayside, given increasing competition for scarce global oil resources. He also cautioned that despite public and private plans in 18 states to build CTL facilities, major American economic competitors, such as China and India, are well ahead of America in their CTL plans.

Ward highlighted the significant interest shown in CTL fuels by the Department of Defense (DOD), which he said has been a "huge supporter" of efforts to develop a CTL industry. Ward told staff that DOD sees CTL fuels as a viable option for replacing seven current fuels with a single battlefield fuel. Ward also said that because CTL plants would be spread throughout the country, and not bunched together in a select few locations, DOD views CTL fuels as a way to reduce the damage done by natural disasters and possible terrorist attacks.

Aside from boosting domestic energy security, Ward pointed to the environmental gains offered by CTL fuels. Unlike conventional transportation fuels, Ward said CTL fuels made using an indirect liquefaction process produce tailpipe emissions that are almost completely free of sulfur.

In an Oct. 12 letter to Senate offices inviting staff to attend the briefing, Sens. Jim Bunning (R-Ky.) and Barrack Obama (D-Ill.) said CTL technology will "play an important role in achieving American energy independence." Earlier this year, Bunning and Obama introduced the "Coal-to-Liquid Fuel Promotion Act of 2006" (S. 3325), which provides a host of tax and finance incentives to generate the necessary private investment to build CTL plants. "If Congress can ameliorate the risk associated with these multi-billion dollar plants, America can develop a vibrant domestic marketplace for alternative fuels and kick our dangerous addiction to oil," Bunning and Obama wrote.

Ward emphasized that the barriers pre-

venting the construction of CTL plants in America are not in any way technological in nature, telling staff that indirect coal liquefaction technologies have been in use in South Africa for 40 years and currently produce 150,000 barrels of fuel a day, accounting for nearly a third of total South African transportation fuel consumption. Ward stressed that American CTL developers have been befuddled by skepticism from Wall Street financiers who are reluctant to provide the significant financing needed to construct the first wave of domestic CTL plants because the same technology in use in South Africa has yet to be commercially deployed in the United States.

Noting that more than 25 bills have been introduced to help build a CTL industry, Ward outlined various measures Congress could approve that would allay Wall Street's concerns and free up the financing needed to begin building CTL plants. Ward said a package of grants and loans meant to help cover costs related to front-end engineering and design work, which must be completed before developers can even begin seeking financing, is particularly critical, as is the extension of an alternative fuels tax credit. The credit was extended to cover CTL fuels in the Energy Policy Act of 2005, but Ward said the credit is of little use to CTL developers if it is not extended through 2020, as no CTL plants will be operational before the credit expires in 2009. Ward also said granting DOD the ability to negotiate long-term fixed price contracts for CTL fuels and the implementation of Department of Energy loan guarantees authorized in the 2005 energy bill would also greatly help efforts to domestically produce CTL fuels.

Most recently, South Dakota Sen. John Thune (R) introduced the "National Transitional Fuel Security Act of 2006" (S. 4012), which would establish a federal pilot program to encourage private investment and foster a commitment by the private sector towards the development of a domestic CTL industry.

A copy of S. 4012 is available at: [www.nma.org/pdf/misc/092906\\_s4012.pdf](http://www.nma.org/pdf/misc/092906_s4012.pdf). ✕

**DOI** *continued from page 1*

habitat designation reform. NMA pointed to numerous FWS *Federal Register* notices that characterized ESA's critical habitat requirements as providing little additional protection to most listed species, while consuming significant amounts of the agency's conservation resources.

In addition, NMA urged DOI to promulgate regulatory ESA improvements that emphasize the use of sound science when making all significant decisions to ensure that "scarce resources are directed towards species that are truly threatened or endangered." NMA also said DOI must afford predictability of ESA decision making by codifying the "no surprises" policy; require agency personnel to make timely decisions; and expressly allow mining companies to use compensatory mitigation in minimizing impacts to endangered species and their habitat.

Regarding "Good Samaritan" hardrock mine clean-up projects, NMA urged DOI to foster such public-private partnerships and ensure that federal regulatory and legislative barriers that discourage these voluntary efforts are swept away. "By removing these barriers, these partnerships can actually move forward and achieve cleanups of abandoned mines," NMA wrote.

NMA pointed to the "Cleanup of Inactive and Abandoned Mines Act" (S. 1848), introduced by Sens. Ken Salazar (D-Col.) and Wayne Allard (R-Col.) and approved by the Senate Environment and Public Works Committee, as a step in the right direction in removing the legal barriers that deter companies and non-governmental organizations from participating in "Good Samaritan" clean-up projects.

A copy of NMA's comments is available at: [www.nma.org/pdf/misc/101306\\_cooperative\\_conservation\\_comments.pdf](http://www.nma.org/pdf/misc/101306_cooperative_conservation_comments.pdf). ✕

## MSHA launches drug-free work week campaign

The Mine Safety and Health Administration (MSHA) this week launched an initiative to promote workplace safety and health by educating employers, employees and the general public on the need to ensure a drug-free workplace, while encouraging employees with substance abuse problems to seek treatment. On Oct. 16, MSHA unveiled its first-ever "Drug-Free Work Week" and encouraged all mine operators and miners to take part in the Oct. 16-22 campaign.

"Highlighting the safety and health improvements made possible by ensuring drug-free workplaces and encouraging employees to seek treatment is a simple and highly effective strategy for aiding the industry's efforts to continually strengthen mine safety," said NMA President and CEO Kraig R. Naasz. "This newest initiative will augment ongoing programs and awareness campaigns in the mining industry, and we look forward to working with MSHA in promoting the benefits of drug-free workplaces as better and safer places for all Americans to work."

"There is a direct correlation between substance abuse and accidents in the workplace," MSHA Acting Administrator David

Dye said in an Oct. 16 news release. "Mining professionals must ensure that workplaces are safe and healthy environments for their employees. Mixing drugs or alcohol with mining is a recipe for disaster," he added.

During "Drug-Free Work Week" and beyond, MSHA said federal mine inspectors throughout the country will distribute educational materials to the mining community that emphasize the importance of working in a drug-free environment.

MSHA's release noted that the agency convened a drug and alcohol summit two years ago in an effort to raise the level of awareness of drug and alcohol use in the mining industry and present possible remedies to address the situation at mining operations in Kentucky, Virginia and West Virginia. MSHA also highlighted a 2005 advance notice of proposed rulemaking that sought information on how to address the risks and hazards to miner safety caused by alcohol and drug use.

More information on MSHA's Drug-Free Work Week is available at: [www.msha.gov/FocusOn/DrugFree2006/DrugFree2006.asp](http://www.msha.gov/FocusOn/DrugFree2006/DrugFree2006.asp). ☒

### "Mine the Vote" on Election Day



As Election Day 2006 draws nearer, NMA encourages all members of the mining community to take advantage of NMA's "Mine the Vote 2006" campaign. "Mine the Vote" is a simple one-stop shop for mining employees, their friends and families to find information regarding voter registration, early vote and absentee ballot opportunities, where they can vote and where candidates stand on issues vital to the mining industry. "NMA's 'Mine the Vote' initiative is a valuable tool that can greatly assist the mining community make its voice heard on Election Day," said NMA President and CEO Kraig R. Naasz. "Mine the Vote 2006" can be accessed at: [www.minethevote.org](http://www.minethevote.org). ☒

## President Bush highlights clean coal efforts

President Bush last week emphasized the goal of meeting America's future energy needs and lessening the nation's over-reliance on foreign energy sources by better utilizing domestic coal reserves. Speaking at the Renewable Energy Conference in St. Louis, Mo., on Oct. 12, the president also highlighted his support for funding to support the development of clean coal technology.

Noting that America possesses a 250-year supply of coal reserves, the president said if America is to become less dependent on foreign energy, "it seems like it makes sense to me that we use the energies we have here at home and do so in environmentally friendly ways."

"We're spending \$2 billion to promote technologies that will enable our coal-fired plants to protect the environment," the president said. He pointed to the FutureGen project as an example of the types of clean coal technologies under development, noting that by 2012 the project will result in "the first clean-coal power plant that will remove virtually all pollutants and greenhouse gases" when using coal to produce electricity.

In addition, the president also emphasized that new energy research could be greatly assisted by making a vital research and development tax credit permanent, rather than allowing it to continue to be subject to annual renewal by Congress. "There's a research and development tax credit that's on the books. The problem is, it expires every year...which means you've got to come back to Congress on a year-to-year basis; which also means there's unpredictability in the tax code, and that's not wise, if you're trying to encourage people to invest dollars in the long-term. And so in order to encourage private initiative and private investment in new energies, we ought to make the research and development tax credit a permanent part of the tax code."

A complete copy of the president's remarks is available at: [www.whitehouse.gov/news/releases/2006/10/20061012-4.html](http://www.whitehouse.gov/news/releases/2006/10/20061012-4.html). ☒

## EPA offering grants to support Methane to Markets Partnership

The U.S. Environmental Protection Agency (EPA) last week announced that it is seeking funding proposals for \$2.5 million in grants the agency will make available to research projects meant to support its Methane to Markets Partnership. The international partnership was launched to reduce global methane emissions by promoting methane capture-and-use projects by coal mine operators, as well as the agricultural, landfill and oil and gas sectors.

In an Oct. 11 release, EPA said it is seeking proposals from public and private non-profit organizations, as well as international governments for projects that would run for a two-year period beginning in May 2007. The agency said it expects to award up to 20 cooperative agreements ranging from \$25,000 to \$300,000 per award. EPA said it is looking for project proposals "that support the partnership broadly," but said such proposals may specifically address: technology transfer; feasibility and pre-feasibility studies; training

and capacity building; or database development for potential methane capture sites.

The Methane to Markets Partnership complements work proposals being developed by the Asia Pacific Partnership on Clean Development and Climate and its Coal Mine Task Force. All funding proposals must be submitted to EPA by Dec. 4.

More information on the grants is available at: [www.epa.gov/oar/grants/06-08.pdf](http://www.epa.gov/oar/grants/06-08.pdf). ☒

## NMA urges DOE to exempt underground mining transformers from proposed re-design, re-manufacture rule

NMA this week called on the U.S. Department of Energy (DOE) to exempt underground mining transformers from a proposed DOE rule requiring that all underground electrical transformers be re-designed and re-manufactured to meet new energy efficiency standards. In comments submitted to DOE on Oct. 18, NMA cautioned that DOE's proposal poses safety and feasibility risks for the mining industry, thus warranting an exemption for the industry.

At issue is a proposed rule published by DOE on Aug. 4 that calls for the establishment of energy efficiency standards for liquid-immersed and medium-voltage dry-type distribution transformers. In issuing the proposal, DOE concluded that such standards are technologically feasible and economically justified and will result in significant energy savings.

NMA's comments cautioned that due to the unique nature of underground mines, complying with DOE's proposal would be difficult and potentially dangerous. "Size constraints and the necessity to move equipment, including transformers, as the mining process advances necessitates that equipment be specially designed to meet these challenges," said NMA. "These facts and our overriding safety

concerns when moving equipment in the mining environment necessitate that this equipment be manufactured to specifically meet the confined space limitations encountered in the mining environment." NMA emphasized that an exemption is warranted as DOE did not take mine safety issues into consideration when making its feasibility determination.

In addition, NMA also took issue with DOE's conclusion that the energy efficiency targets were technologically feasible, further necessitating the need for a mining industry exemption. ☒

## Newsbits

**Peabody Energy** this week announced that the **Prairie State Generating Company, LLC** and **Bechtel Power Corporation** signed a letter of intent to develop the power-related facilities at the **Prairie State Energy Campus**. The campus is a major mine-mouth electricity generating station and coal mine that will be located in Southern Illinois. Under the agreement, Bechtel will provide engineering and procurement services for Prairie State's power-related facilities and will work with Prairie State to negotiate the terms of an engineering-procurement-construction contract. "We are pleased to have Bechtel as part of the Prairie

*continued*

<b>Mining Market Snapshot</b>		
<b>Coal Figures</b>	Cumulative year to date	Change over last year
<i>Week ended October 7, 2006</i>		
EIA Coal Production (000 tons)	897,438	3.0%
Edison Electric Institute Electricity Output (GWh)	3,109,491	0.0%
American Iron and Steel Institute Raw Steel Production (000 tons)	82,883	5.5%
<b>Metal Figures</b>		
Copper Prices (\$/mt - week avg. Grade A Cash) 10/6/06		\$7,413.60
Gold Prices (\$/troy ounce - week avg. London Final) 10/6/06		\$578.10
Source: NMA Weekly Statistical Summary/Platts Metals Week		

## Newsbits

State team,” said Colin Kelly, president of Prairie State Generating Company, LLC, in an Oct. 17 release. “Bechtel has a well-established record of developing state-of-the-art power plants like Prairie State and shares our commitment to safety and environmental excellence,” he said. Recently, **CMS Enterprises**, a subsidiary of **CMS Energy**, was named operating partner and will co-develop the Prairie State Energy Campus. CMS Enterprises and Peabody Energy will each own 15 percent of Prairie State indirectly through a joint venture. More information is available at: <http://phx.corporate-ir.net/>

[phoenix.zhtml?c=129849&p=irol-newsArticle&ID=917452&highlight...](http://phx.corporate-ir.net/phoenix.zhtml?c=129849&p=irol-newsArticle&ID=917452&highlight...) Last week, Peabody Energy named **Alexander C. Schoch** as the company’s new executive vice president and chief legal officer. Schoch will be responsible for legal and corporate secretary functions and will report to President and Chief Executive Officer **Gregory H. Boyce**. Schoch has 27 years of corporate legal experience, most recently as vice president and general counsel for Emerson Process Management, an operating segment of Emerson Electric. “Alex brings to Peabody an excellent track record of pro-

viding counsel for major international corporations with complex operations and transactions. His knowledge and experience across the energy and basic material industries will enhance Peabody’s core business and add depth as we expand in global coal markets and Btu Conversion opportunities,” said Boyce in an Oct. 12 statement announcing Schoch’s appointment. More information is available at: <http://phx.corporate-ir.net/phoenix.zhtml?c=129849&p=irol-newsArticle&ID=915687&highlight=#splash>.



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### Staff

Carol Raulston,  
Senior Vice President, Communications  
Corey Henry Kelly Metzler  
Leslie Coleman Luke Popovich

## NMA Mining Week

Executive and editorial offices: Communications Department, 101 Constitution Ave., NW Suite 500E, Washington, D.C. 20001, telephone 202/463-2600. [www.nma.org](http://www.nma.org), fax: 202/463-2614. Change of e-mail address should be directed to [mphelleps@nma.org](mailto:mphelleps@nma.org).

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