

In this issue...

NMA and its members receive Bush's appreciation for hurricane efforts...page 2

Naasz meets with Reps. Hobson, Duncan...page 3

Phelps Dodge establishes trust to fund environmental, retiree obligations...page 3

NMA supports EPA's proposed NOx reporting exemption...page 3

Bingaman criticizes administration refusal to enter negotiations on post-2012 climate commitment...page 4

NAS seeks feedback on provisional coal research committee...page 4

Energy leaders optimistic about new technologies, including clean coal...page 4

NMA's Brown celebrates service anniversary...page 5

Newsbits...page 5

About Mining Week...

NMA Mining Week is a weekly publication of the National Mining Association. Mining Week archives are always available online at www.nma.org.

Naasz: FutureGen partnership opens new era for clean coal power generation

The cooperative agreement to build FutureGen – a prototype of the fossil fuel plant of the future – announced this week by the Department of Energy (DOE) and the FutureGen Industrial Alliance, “opens a new era for clean coal power generation,” NMA President and CEO Kraig R. Naasz said.

The nearly \$1 billion government-industry project will produce electricity and hydrogen with a zero emissions target, including carbon dioxide. The alliance and DOE are partnering in all development aspects of the project, including siting, technology selection, construction and operation. They hope to announce a site selection process next year and begin construction within three years, targeting plant operations in 2012.

“The alliance of eight companies with DOE creates a powerful new initiative for technological innovation and continued utilization of the country’s most abundant and versatile energy resource – coal,” Naasz said. “FutureGen will help the nation meet its expectations for a cleaner environment and showcase our national commitment to a common goal of over-riding importance – securing abundant supplies of clean domestic energy for American industry and households,” he said.

“In an era of rising energy prices and growing import dependency, FutureGen is a far-sighted response that deserves wholehearted support from industry, Congress and the administration,” Naasz added.

The FutureGen Industrial Alliance will contribute \$250 million to the project. Its members include: NMA members American Electric Power, BHP Billiton, CONSOL Energy Inc., Foundation Coal, Kennecott Energy and Peabody Energy; China Huaneng Group; and Southern Co. Energy Secretary Sameul Bodman said the agreement “places the alliance members among the world’s most responsible and forward-thinking coal and energy companies.”

See FutureGen, page 2

Gutierrez, Reichert visit NMA



Gutierrez, left, and Reichert, right.

Secretary of Commerce Carlos Gutierrez and Rep. Dave Reichert (R-Wash.) visited NMA headquarters this week. Reichert, elected to his first term in 2004, represents the eighth congressional district of Washington. His committee assignments include Homeland Security, Transportation and Science. Prior to becoming commerce secretary, Gutierrez was chairman and CEO of Kellogg Co. ✕

NMA and its members receive Bush's appreciation for hurricane efforts

NMA and its member companies have received a letter from President Bush expressing appreciation for efforts to assist victims of hurricanes Katrina and Rita. The activities of NMA and its members in this regard were highlighted in a series of *Mining Week* stories in the September and October 2005 issues.

"The good works of the NMA demonstrate the character and great strength of our nation," Bush wrote. The full text of the letter is below.



THE WHITE HOUSE
WASHINGTON

November 14, 2005

National Mining Association
Washington, D.C.

Dear Friends:

I learned about your contributions to help the victims of Hurricanes Katrina and Rita. Our Nation is grateful to all those who are helping their fellow citizens in need.

The scenes from the hurricanes have touched our hearts, and our Nation is again showing the world that the greatest challenges bring out the best in America. Together, we will continue to bring new hope to those affected by this tragedy, and the Gulf Coast will emerge better and stronger.

The good works of the NMA demonstrate the character and great strength of our Nation. May God bless all those affected by these storms, and may God continue to bless America.

Sincerely,

George W. Bush

FutureGen *continued from page 1*

When it begins operation, every aspect of the FutureGen prototype plant will be based on cutting edge technology. It will integrate testing of emerging energy supply and utilization technologies as well as advanced carbon capture and sequestration systems. Technologies planned for testing at the prototype could provide future electric power generation with zero-emissions that is only 10 percent higher in cost than today's electricity, DOE said.

At the heart of the project will be coal gasification technologies that can eliminate common air pollutants such as sulfur dioxide and nitrogen oxides and convert them to useable by-products, such as fertilizers and soil enhancers. Mercury will also be removed. The technologies will also turn coal into a highly enriched hydrogen gas, which can be used in a fuel cell to produce ultra-clean electricity or fed to a refinery to help upgrade petroleum products. In the future, the plant could also become a model hydrogen-production facility for President Bush's initiative to develop a new fleet of hydrogen-powered cars and trucks.

The carbon sequestration feature sets the FutureGen plant apart from other electric power plant projects. It will be designed to capture carbon dioxide (CO₂) and sequester it in deep underground geologic formations, a capability that no other power plant in the world currently has. The initial goal will be to capture 90 percent of the plant's CO₂ – capture of 100 percent may be possible with advanced technologies, DOE said.

"The prototype will prove the best technology and economic path for commercialization while addressing environmental concerns associated with the large-scale use of coal for U.S. and global energy needs," said FutureGen Alliance Chairman Dr. Charles Goodman, senior vice president of generation policy for Southern Co. "The robust use of coal will ensure a better life for current and future generations." ✕

Conference Calendar

January

Energy & Mineral Law
Foundation's Winter Workshops
on Energy Law, Jan. 26-28, Fort
Myers Beach, Fla. (859) 231-0271.

March

Alaska Miners Association 20th
Fairbanks Biennial Conference,
March 13-16, Fairbanks, Alaska.
(907) 374-0858.

Naasz meets with Reps. Hobson, Duncan

NMA President and CEO Craig R. Naasz this week continued a series of meetings with key lawmakers, visiting Reps. David Hobson (R-Ohio) and John Duncan Jr. (R-Tenn.), discussing issues of major importance to mining.

Hobson serves on the Appropriations Committee and is chairman of the Energy and Water Subcommittee, which now has jurisdiction over fossil energy programs. "During the past year, Chairman Hobson's subcommittee provided funding for the FutureGen Initiative (see related story on DOE/Industry agreement), and we are grateful for his leadership and support in this area," Naasz said.

Duncan's committee assignments include Government Reform; Resources; and Transportation and Infrastructure, where he is chairman of the Subcommittee on Water Resources, which among other things has jurisdiction over the U.S. Army Corps of Engineers and the Environmental

Protection Agency's Clean Water Act, Superfund and water infrastructure and watershed protection programs. "Congressman Duncan's district includes the headquarters of the Tennessee Valley Authority and the Oak Ridge National Laboratory and he appreciates the importance of coal and minerals to the U.S. economy," Naasz noted.

Naasz said while Congress remains in session he will continue an intensive series of meetings with congressional and administration leaders discussing key items of vital concern to NMA's legislative agenda. ✕

Phelps Dodge establishes trust to fund environmental, retiree obligations

Phelps Dodge Corp. (PD) this week announced establishment of three new trusts: one to help fund the company's global environmental reclamation and

remediation activities; the second, dedicated to funding post-retirement medical obligations; and a third for funding post-retirement life insurance obligations for eligible U.S. employees and retirees.

The company said it will make an initial contribution of \$400 million to the environmental trust during the first quarter of 2006. In addition, the company plans to contribute approximately \$200 million to the other two trusts during December 2005 and early 2006.

J. Steven Whisler, PD chairman and chief executive officer, said funding the trusts "is a prudent and responsible use of the cash expected to come from the sales of Columbian Chemicals Co. and Phelps Dodge Magnet Wire's North American assets. These trusts allow us to meet important societal and employee obligations regardless of the point in the copper cycle, and will remove investor uncertainties regarding them." ✕

NMA supports EPA's proposed NOx reporting exemption

NMA this week said it supports the approach taken by the Environmental Protection Agency (EPA) in its Oct. 4 proposed rule to exempt certain releases of nitrogen oxide and dioxide (collectively NOx) from the reporting requirements found in Section 103 of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and Section 304 of the Emergency Planning Community Right-to-Know Act (EPCRA).

The proposed exemption would apply to NOx releases that amount to less than 1,000 pounds in a 24-hour period due to combustion and were not caused by accident or malfunction. The current reportable quantity (RQ) for NOx releases is 10 pounds in a 24-hour period.

"Many NMA member companies employ internal combustion engines that release NOx; NMA mining company members utilize planned, routine and permitted blasting operations that could result in the release of NOx. These

releases fall within the conditions EPA has proposed for a reporting exemption," NMA noted in comments filed with the agency.

"Where NOx emissions are routine, anticipated and relatively low in amounts no government response is necessary or possible," the association said. "Indeed, the rulemaking record amply demonstrates that EPA regions have not responded to these kinds of releases. In fact, there is no indication in the record that the EPA regions are aware of a single government response to non-accidental NOx releases."

NMA suggested that instead of furthering the protection of human health and the environment, "the requirement to report such NOx releases actually increases the risks to human health and the environment. Federal, state or local authorities must spend limited resources of time, money and manpower evaluating low-level releases for which a governmental response

is unnecessary, if not impossible. The resources spent in making such evaluations would be much better spent were they to be focused on NOx releases in much higher amounts resulting from accidents or malfunctions."

NMA also suggested:

- EPA is "right to include in the proposed exemption releases from all combustion sources, including blasting during mining operations. NMA urges EPA to emphasize the inclusiveness of the exemption by including, in the preamble to the final rule, specific reference to NOx releases from blasting;"
- It would "strongly support" providing an administrative reporting exemption for NOx releases up to 5,000 pounds in a 24-hour period that did not result from an accident or malfunction;
- It supports the rule's proposed approach of granting an administrative reporting exemption, rather than changing the RQ. ✕

Bingaman criticizes administration refusal to enter negotiations on post-2012 climate commitment

Sen. Jeff Bingaman (D-N.M.) this week criticized the Bush administration's refusal to enter negotiations on a post-2012 climate commitment, and unveiled a letter signed by 24 senators calling on the president to negotiate.

Bingaman was in Montreal as part of the Senate delegation attending the 11th United Nations Framework Convention on Climate Change (UNFCCC) Conference of the Parties (COP). He held a press conference to both criticize the administration and also talk about his cap-and-trade legislative proposal based on National Commission on Energy Policy (NCEP) recommendations. NMA strongly opposed the measure proposed earlier this year by Bingaman, who ultimately decided against introducing it; however, he is expected to offer a version of it sometime in 2006.

The letter released by Bingaman said,

"In our view, a deliberate decision by the administration not to engage in (COP) discussions, solely because they may include the topic of future binding emissions reductions requirements, is inconsistent with the obligations of the United States as set forth in the UNFCCC treaty." The letter said because the U.S. is a signatory to the UNFCCC treaty, it was obliged to work toward achieving stabilization of greenhouse gas concentrations in the atmosphere, and also reminded the president of the "Sense of the Senate" resolution, which acknowledged that greenhouse gas emissions were contributing to global warming.

In other developments at the Montreal meeting, chief U.S. negotiator Harlan Watson said the U.S., on principle, opposes commitment discussions that would link the Framework Convention to the Kyoto Protocol. The time is not right, he said, to decide to go forward on this issue under the Framework Convention.

Earlier in the conference, Watson said that while President Bush declined to join the Kyoto treaty, the U.S. leader takes global warming seriously. He noted greenhouse gas emissions had gone down by 0.8 percent under Bush. "With regard to what the United States is doing on climate change, the actions we have taken are next to none in the world," Watson told The Associated Press. He added the United States spends more than \$5 billion a year supporting climate change research and technology and that Bush had committed to cutting greenhouse gases 18 percent by 2012.

Watson also confirmed an Asia-Pacific Partnership ministerial meeting next month with the following participating industries: power generation, aluminum, building, appliances, mining and steel. He also said the guiding principles would center on "actions consistent with growing economies." ✕

NAS seeks feedback on provisional coal research committee

The National Academies of Science (NAS) this week opened for public comment committee membership for the study, "Coal Research, Technology and Resource Assessments to Inform Energy Policy."

According to NAS, the study will broadly examine coal resource assessments, technologies and research and development (R&D) activities in the United States in order to formulate an "appropriate, integrated roadmap of future needs." The results of the review

"should help define and construct a national strategy for coal R&D and resource assessments," NAS said. The first meeting of the group is planned for Jan. 18, 2006.

The provisional committee is chaired by Corale L. Brierley, a technical and business consultant to the mining and chemical industries, who previously was chief of environmental process development for Newmont Mining Corp., among other positions. Also on the 13-member panel is Francis P. Burke, vice

president-research for CONSOL Energy; and Jean-Michel M. Rendu, a mining consultant and retired vice president for resources and mine planning at Newmont Gold Co. Other members are drawn from environmental groups, other businesses and/or government organizations and academic institutions.

For more information visit: www4.nas.edu/webcr.nsf/ProjectScopeDisplay/BESR-U-05-02-A?OpenDocument. ✕

Energy leaders optimistic about new technologies, including clean coal

A survey of senior executives attending the 7th annual Platts Global Energy Awards in New York last week reveals today's energy leaders are optimistic about a host of new technologies, including clean coal, "ushering in an era of sustainable growth for the future," said Colette Lewiner of Capgemini U.S. LLC, which conducted the poll.

Four in 10 respondents – or 41 percent of the total – believe that clean coal is the one technology with the "greatest potential

to transform the energy industry by 2015," followed by advanced meter reading (27 percent) and fuel cells (25 percent).

Two-thirds said their company's investment in technology projects for 2006 would be increased over 2005 budget levels.

Listed as the top four threats to the growth of the global energy industry were government regulations (51 percent); an aging workforce (27 percent); rising

prices leading to consumer backlash (16 percent); and terrorism (6 percent).

Capgemini conducted the survey of more than 125 senior executives in collaboration with co-sponsors HP and Intel. The Platts awards showcase "extraordinary accomplishments" in the energy business worldwide; among the winners was NMA member Foundation Coal Holdings Inc., which won for "Coal Company of the Year." ✕

Newsbits

Business Week magazine has named **Arch Coal Inc.** to this year's Web Smart 50 list as a management pacesetter. "The Web Smart 50 highlights the quiet innovation going on inside organizations, said the Nov. 21 issue of the magazine. "These companies are profoundly altering the business landscape. Arch was recognized for employing the latest technology to streamline its largest coal mining operation, the Black Thunder mine in Wyoming . . . **Peabody Energy** has been recognized as a finalist for "America's Most Shareholder-Friendly Companies by *Institutional Investor Magazine*. The finalists are the result of a survey of directors of research, chief investment officers, portfolio managers and analysts at thousands of money-management firms, as well as sell-side analysts from the major brokerage firms. Winners will be announced in February 2006 . . . The **Environmental Protection Agency** (EPA) recently celebrated its 35th anniversary by citing the significant progress made in pollution reduction since its creation by President Richard Nixon in 1970. The agency said between 1970 and 2004, total emissions of the six major air pollutants dropped by 54 percent. "This is particularly impressive when noted that the Gross Domestic Product increased 187 percent, energy consumption increased 47 percent and U.S. population grew by 40 percent during the same time, proof that economic growth and environmental protection go hand-in-hand" . . . **American Electric Power** said its nitrogen oxides (NOx)-reducing selective catalytic reduction (SCR) equipment is performing better than designed to help improve air quality during the ozone season. The company has invested nearly \$1.3 billion in equipment retrofits to reduce NOx emissions at its plants . . . More than 50 organizations, the U.S. **Department of Energy** (DOE) and EPA have developed a leadership group to launch an "aggressive new national commitment to energy efficiency," Energy Secretary Samuel W. Bodman said this week. The joint effort "could substantially increase utility funding for energy efficiency and could save customers \$200 billion-to-\$300 billion on energy bills over the next 15-to-20 years," DOE said. For more information visit: www.epa.gov/cleanenergy/eeactionplan.htm.

NMA's Brown celebrates service anniversary

NMA President and CEO Kraig R. Naasz this week recognized an NMA employee with an association service anniversary – Tyrone Brown, administrative support manager, with 25 years.

"Tyrone is a key NMA employee and has given exceptional service and dedication to NMA and the mining industry over his career," Naasz said.

"We look forward to his continued contributions for many years to come."

Brown joined the National Coal Association (NCA) in October 1981 as a mailing and duplication assistant, eventually rising to supervisor of the association's duplication and mailing department. He was appointed to his current position in 2001. Brown is a graduate of the Yorktown Business Institute and resident of District Heights, Md. ✕

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