Asian Energy Boom Threatens Montana Ranches

MATTHEW BROWN,Associated Press

ROUNDUP, Mont. (AP) — The big mining companies first came knocking on Ellen Pfister's door in the 1970s, ready to tap the huge coal deposits beneath her family's eastern Montana ranch.

Pfister and others successfully fended them off, and as the coal industry retreated domestically, it appeared their battle might be won. But now, a fast-growing market in exporting coal to Asia has Pfister and other ranchers seeing their long-held fears become reality.

With the once-shuttered Bull Mountain Mine under new ownership, mining activity beneath Pfister's 300-head cattle ranch is in full swing, on target to produce more than 9 million tons of coal this year. At least once a day on average a coal train more than a mile long pulls out of the mine that sits atop an estimated one billion tons of the fuel. Sixty percent is destined for overseas markets, including Asia.

Pfister's biggest worry is that mining could permanently damage her water supplies — a crucial necessity on a ranch set in an arid landscape of sandstone, sage brush and ponderosa pine trees stunted by periodic drought.

"I'm trying to figure out how to protect myself," said Pfister. "If you don't have water, you have to go someplace else."

U.S. coal exports hit their highest level in two decades last year, with 107 million tons of coal sent primarily to Asia and Europe. Some project volumes to double again in the next five years as the industry moves aggressively to build and expand coal ports on the West Coast and Gulf of Mexico.

Coal's opponents are waging a political public relations battle to squash the export ambitions, and success for the industry could be undermined if the global energy market wanes. But for Pfister, the changes she's long feared are here.

Trucks rumble along access roads to the mine carved into the rocky coulees that lace through the ranch, which Pfister inherited from her mother and runs with husband, Don Golder. Giant fissures have appeared where portions of the mine collapsed after coal was removed. About ten acres have been cleared for an emergency escape portal for miners and for ventilation equipment.

Mine owner Signal Peak Energy controls the mineral rights under portions of Pfister's property, and federal law gives the company extraction rights and Pfister little or no compensation for her trouble. Pfister said she's made other concessions, as well, including easements for the escape portal and installation of a gas pipeline network to clear the mine of dangerous carbon monoxide. She worried miners could get killed otherwise, she said.

Signal Peak president John DeMichiei said the company will address any concerns raised by Pfister, but has to access the mine through her property to deal with unexpected events such as the high carbon monoxide levels.

The mine also has pledged to provide water to Pfister if her springs run dry. Pfister said that could end up cancelling her legal rights to those springs in the future, making her forever dependent on the mine.

For the industry, Bull Mountain and other export mines in Wyoming and Montana represent a bet that overseas sales could reverse the industry's downward spiral.

It's a different world than when the Interior Department laid out a sweeping plan for coal development that ranchers said would sacrifice their livelihoods. In 1971, the agency-commissioned North Central Power Study called for building huge strip mines across the Northern Plains to serve 10,000-megawatt power plants spread across four states.

The effort was aimed at fueling the development of the American West. But while some strip mines were built, the plan was never fully realized as local residents rallied in opposition, new mining restrictions were adopted and energy markets shifted in favor of other fuels.

Once the undisputed king in electricity generation, coal has seen its share of the U.S. market drop sharply in recent years. Domestic demand for the fuel has fallen by about a third since its peak in 2007 as the U.S. relies more heavily on cheap, natural gas. With more coal plants closing because of rising costs and tighter regulations — including this week's announcement that a 154-megawatt plant south of Bull Mountain in Billings would be mothballed — the prospects of coal reclaiming its historical throne are doubtful.

Analyst Jonny Sultoon with energy consultant Wood Mackenzie described the outlook for burning coal in the U.S. as "pretty bleak."

Backing the industry are the railways that ship coal; unions that want more mining, shipping and construction work; and lawmakers from both sides of the aisle who see political advantage in joining the push for jobs. Pfister is among only about 40 ranchers and others make up the Bull Mountain Land Alliance that has opposed Signal Peak. That compares to more than 300 jobs created since the mine re-opened.

Montana is well positioned to tap into the export market with its relative proximity to the West Coast and an estimated 120 billion tons of coal — more than any other state and most countries. Only China and Russia have more. The industry has enjoyed almost eight years of solid support from Gov. Brian Schweitzer, who pushed tax breaks for Signal Peak and is a close associate of the mine's owners, the Boich family.

Schweitzer is a strong advocate for renewable energy. Still, he argues exports can bring economic development without additional pollution. Coal plants in Korea, India and China will be built regardless of where the fuel comes from, he says.

"They're not building new boilers just for Montana coal," he said. "But we would be creating jobs in Montana."

Lined up against exports are conservation groups and politicians in some cities and states along shipping routes.

Beyond the impacts of mining, they warn a parade of coal trains will cause significant traffic delays in bigger cities and alter rural communities. And they say

pushing more coal onto the international market will boost emissions of poisonous mercury and climate-changing greenhouse gases.

"Economics 101 tells you when you increase the supply of something, the price will go down and people will consume more of it," said Eric de Place, a researcher with the Seattle-based Sightline Institute.

Bull Mountain plans to ramp up production in coming years to 15 million tons annually. Cloud Peak Energy and Arch Coal, Inc. are seeking to build new export mines in southeastern Montana. In neighboring Wyoming, Arch and Peabody Energy have recently started shipping coal once slated for U.S. markets to the Gulf Coast for export.

"As long as it's in the ground there," Pfister said, "there is somebody that wants to get it out and do something with it because they see a dollar there."

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