Crow Tribe Agrees to Lease 145M Tons of Coal

BILLINGS, Mont. (AP) — Leaders of southeastern Montana's Crow Tribe signed an agreement Thursday to lease an additional 145 million tons of coal to a Colorado company under a deal that includes $12.5 million in bonus and advance royalty payments.

The deal is subject to approval from the federal Bureau of Land Management

Robert King, president of Westmoreland Coal Co., said Thursday's deal will extend the life of its Absaloka mine for another 20 years.

Westmoreland has leased coal reserves from the tribe since 1974. The new lease gives the company control over 357 million tons of coal reserves and resources.

In additional to the advance royalty and bonus payments, the company will pay a 15 percent severance tax on the coal it sells.

King said production from the mine was cut by about half after one of the power plants it serves went offline and had to undergo repairs. He said they're expecting to return the plant to service soon, allowing the company to resume mining about 5.5 million tons a year.

Westmoreland is looking to further expand the mine's production in coming years with rail improvements that will allow it to ship coal to customers along the West Coast and possibly overseas.

King says about two-thirds of the mine's 118 employees are members of the Crow Tribe.

Source URL (retrieved on *12/12/2013 - 1:44am*):
http://www.chem.info/news/2013/04/crow-tribe-agrees-lease-145m-tons-coal