

BLM accepts Foundation's bid for coal

GILLETTE - Foundation Coal submitted the winning bid of \$180.5 million for 255 million tons of coal adjacent to its Eagle Butte mine north of Gillette.

Foundation's bid for the 1,428-acre tract equals 70.8 cents a ton, according to the Bureau of Land Management.

BLM had set a fair market value for the Eagle Butte West Coal Tract - an amount that the successful bidder must meet or exceed.

Bob Janssen, coal program coordinator with the BLM in Cheyenne, said that figure is not released.

"We accepted the bid, so yeah, we thought it was good," Janssen said.

One of the factors in determining the fair market value is the price of coal sales from local mines, a price that has gone up significantly during the past year or two, Janssen said.

That price is also significantly higher than two bids that were rejected last year on other coal lease sales. Those bids were rejected because they didn't meet the fair market value.

Rio Tinto Energy America unsuccessfully bid on the North Maysdorf and South Maysdorf leases. Both leases will be offered up for bid again in March.

The Maysdorf leases are next to the Belle Ayr and Cordero Rojo mines.

While the coal in northern Powder River Basin has less value than further south, the figures do offer a glimpse of the coal market and just what the BLM will use as fair market value.

"I would say that it's difficult to compare, just because there are different coal qualities and different mining situations in different parts of the base," Janssen said.

The sale of the federal coal lease is important because it allows Foundation Coal West to continue to expand its coal operations at the Eagle Butte mine.

But the sale is also big money for the state, which will get nearly half the amount Foundation offered.

More than half of the electricity consumed annually in the United States is produced from the 1.1 billion tons of coal used domestically each year, 32 percent coming from BLM-administered public lands in Wyoming.

Published on Friday, February 22, 2008.

Last modified on 2/22/2008 at 1:29 am