

Protesters interrupt hearing, vow to fight decision

Mont. OKs coal tracts sale

By MATT GOURAS - Associated Press writer | Posted: Friday, March 19, 2010

HELENA, Mont. -- Montana accepted Thursday a mining giant's \$86 million bid for the rights to a vast tract holding a half-billion tons of state-owned coal -- but not before environmentalist protesters briefly shut down the hearing and promised a long fight.

Gov. Brian Schweitzer was joined by two other Democrats on the state Land Board in endorsing the deal with Arch Coal Inc. The governor said if developed, the state will get billions of dollars in taxes and royalties over the coming decades on top of the upfront cash to be delivered next month.

"This is not one-time money," Schweitzer said. "This is money that leads to more money."

With the move, St. Louis-based Arch Coal seeks to continue its aggressive expansion in the Powder River Basin along the Montana-Wyoming border.

Theatrics preceded the 3-2 vote in what was a tense meeting.

Five protesters with the advocacy group Northern Rockies Rising Tide, chanting "Hands off Otter Creek! You're not listening!" shut down the meeting for about 45 minutes when they locked arms and sat on the floor. Police handcuffed them and removed them from the meeting room. Police said they were taken to jail on an initial charge of disorderly conduct.

Earlier, Schweitzer, who promised Wednesday to use money from the bid to reduce planned state budget cuts aimed at the disabled, allowed a group of wheelchair-bound, blind and other advocates to speak first to the Land Board.

Bob Liston told the group that the governor's promise would fund "things that are really keeping people alive."

Environmentalist opponents followed that testimony by saying opening the Otter Creek tracts would destroy a pristine ranching valley with a new railroad and result in billions of tons of global warming gasses.

"Whatever it takes, please listen to us. Stop. Stop now. Just stop it," Michael Phelps of Missoula, Mont., said in testimony, before he joined the protest that marred the meeting. "Just please stop now. We don't want it."

Schools Superintendent Denise Juneau voted no on the deal, largely agreeing with environmentalists that the pollution is not worth the money. At the same time, the fellow Democrat prodded Schweitzer and the Legislature to use the money primarily for schools.

Attorney General Steve Bullock, also a Democrat, voted no, saying he didn't think the state was getting enough money.

Schweitzer rejected the notion, saying the state got more than a private company on adjacent land had received for its tract, far more than appraisers thought was possible and more than his Republican critics wanted it sold for.

A big contingent of supporters testified as well, including rural school districts that stand to benefit from the increased tax revenue, local economic development boosters and area residents who think the mine will bring needed jobs.

Arch Coal is eyeing a strategic move that expands its foothold in the region and better positions the mining giant to export coal to Asia.

Arch says the state leases will give the company control over about 1.5 billion tons of coal in the Otter Creek area. That includes 731 million tons leased last November from Great Northern Properties Limited.

"The addition of the Montana state reserves further expands and strengthens our position while affording us greater flexibility in future site development," Arch chief executive Steven Leer said in a statement.

The coal would be used to supply domestic power plants, for export to Asia or possibly serve a future onsite plant such as a coal-to-liquids facility.

Spokeswoman Kim Link said Arch would begin preliminary engineering at Otter Creek, but she declined to say if the company was committed to a mine at the site.

"It is still premature to discuss what we'll ultimately do with the reserves since it will be determined by future market conditions," she said.

Moving coal out of Otter Creek will require the construction of at least part of the Tongue River Railroad, a \$550 million, 116-mile line from Miles City to the Wyoming border.

First proposed in 1983, the Tongue River line has been fiercely fought by environmental groups and area landowners. They've got a deep-pocketed ally in billionaire Forrest Mars, Jr., the family owned Mars, Inc. candy empire, who owns a ranch along the proposed route.

A section of the line remains tied up in a federal lawsuit from railroad opponents challenging the Surface Transportation Board's 2007 approval. The suit is now before the 9th U.S. Circuit Court of Appeals.

The Tongue River Railroad's developer, Mike Gustafson of Billings, Mont., said Arch's commitment is clear after putting so much money into the deal -- \$86 million to the state on top of \$73 million the company already got in a cheaper deal with a private company.

"Not too many people sit on \$160 million," he said.

But Secretary of State Linda McCulloch, who also voted for the deal along with State Auditor Monica Lindeen, noted "today is just the first step in a very long process."

Arch is going to need environmental and other permits from various state agencies, as well as meeting federal environmental hurdles.

Environmental groups promised to be there every step of the way.

"That railroad has a long way to go before getting built," vowed Anne Hedges with the Montana Environmental Information Center.

AP writer Matthew Brown contributed to this report from Billings.