

Montana Bureau of Mines and Geology

DP 69: Coal and Coalbed-Methane Technology Program

If funded, a coal geologist would be hired to maintain the continuity of databases and information flow, develop new data, and synthesize data into formats useful to industry, regulators, and other agencies in order to promote responsible coal development.

State Need:

- Montana possesses 1/3 of the strippable coal reserves in the contiguous U.S. Coal mining provides a substantial (~ \$50 million) tax base to the State that will increase with greater production.
- The Montana Bureau of Mines and Geology has maintained a coal technology program continuously since 1967 with funding obtained through contracts and grants from Federal sources. *This program has been instrumental in attaining current levels of coal development, and understanding the issues of coalbed methane development.*
- Continuing technical service, research, and analysis to accurately present State information are critical to responsible development of coal and coal-bed methane resources.

Market Reality:

- National energy strategies and new initiatives, including the hydrogen economy, will require increased coal production.
- Montana can supply compliance coal, which is cleaner and less expensive to burn. Consequently, coal production in the west, particularly in Montana, must increase.

Current Problem:

- Federal coal programs are being severely reduced or eliminated. Funding for the Bureau's coal program is entirely dependent on contracts and grants that will end in March 2005. ***The Bureau will lose its only coal geologist.***
- A coal geologist is critical to encourage future development of both coal and coalbed methane resources by providing data that are useful to all parties.

Economic Benefits (average new coal mine, 7 million tons/yr):

- About \$1.20 direct new revenue per ton of mined coal, or \$8 million /yr.
- About 120 jobs with an average annual salary of \$61,000.

Economic Benefits (coalbed methane):

- \$33,000,000 royalties over 15 years for estimated 500 wells on State lands.
- \$300,000,000 from shared federal royalties, 10,000 wells over 15 years.

Funding Request:	FY 06	FY 07
Salary	\$60,000	\$62,400
Benefits	17,160	17,846
Operations	<u>12,840</u>	<u>13,354</u>
Total	\$90,000	\$93,600
Less 20% non-state match	<u>(18,000)</u>	<u>(18,720)</u>
State cost	\$72,000	\$74,880
Total biennial cost	\$183,600	
Less matching funds	<u>(36,720)</u>	
Total state biennial cost	\$146,880	