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August 4th, 2025

U.S. Senator Steve Daines
222 North 32nd Street, Suite 100
Billings, MT 59101

Subject: Crow Revenue Act [Ref. 119th Congress S.239 & H.R.725]

Dear Senator Daines,

We are following up on our previous meeting with your staff last January to again request your support for amending the Crow Revenue Act (CRA) to include Musselshell County in the revenue sharing arrangement. Musselshell County stands to lose an estimated \$6 million to \$12 million in Federal Mineral Royalties (FMR), an outcome we believe is entirely preventable. While the County acknowledges and supports the protections provided by the CRA against future federal mining shutdowns, we petition amending the Act to safeguard the County from unnecessary financial harm. We believe passing the CRA in its current version sets a dangerous precedent, giving federal royalties to private interest at the expense of county governance. Legislation such as this must consider its impact on local county revenue and make every effort where possible to minimize financial harm to affected counties' taxpayers.

Our main position points are outlined below and with any noted quantifications detailed further in the attached Appendix A.

1. Thanks to the tireless work of your office, the Mine's operational outlook has substantially improved due to the One Big Beautiful Bill Act (OBBBA), signed into law on July 3rd, 2025. This federal reconciliation package incorporates the OSRME's 692-page Final Environmental Impact Statement (FEIS) and effectively reinstates the federal coal lease MTM97988, permitting mining of about 57.3 million tons of coal and extending the coal Mine's operations by 9-10 years. We believe environmental legal challenges to this legislation are less likely to succeed, given the comprehensive FEIS review.

We acknowledge however, there is a risk that future legislative changes could reverse the OBBBA, if a new administration or shift in Congress aligns with opposition to fossil fuel development, as seen during the Biden administration. This is viewed as a more credible longer-term risk, for which the Crow Revenue Act (CRA) was developed as the long-term mitigation. We understand the CRA

would effectively take what is now federal coal, out of the authority of the Federal Government, turning federal coal into private coal, and would then be solely under the authority of the Montana Department of Environmental Quality (MT DEQ). If the mineral rights become private, it provides greater protections from federal judicial, legislative, or regulatory action, hence lowering the risk of mining operations being impeded by the Federal Government. The Musselshell County Commission supports the CRA as the long-term mining answer to ensure greater operational certainty, provided: 1) the CRA is amended to make Musselshell County whole in the revenue sharing arrangement and 2) There is no sacrifice in environmental regulatory oversight, particularly related to past concerns raised regarding surface subsidence and ground water harm. Previous discussions with your office indicated that MT DEQ environmental regulatory safeguards are as stringent as, or more stringent than, those established by the Federal Government, and that the quality of environmental regulatory oversight would remain unchanged.

2. Given the passing of the OBBBA reconciliation package, there is now time to amend the CRA to treat Musselshell County more equitably and that by doing so, the CRA is likely to gain greater bipartisan support. With the imminent threat of the mine shutting down, mitigated for the short term, the Commission believes it has a fiduciary duty to the county taxpayers to pursue the Crow Revenue Act to be amended to include Musselshell County. We would like to cooperatively discuss if there is a way forward to include Musselshell County in the revenue sharing and/or other ways that could make Musselshell County whole and not lose coal revenue because of the CRA.
 - Musselshell County claims a rightful stake in the act, having forfeited over \$56 million in tax relief so far, with an additional \$26 million to \$48 million of tax abatement expected by the end of 2030 when the second decade of tax abatement expires. This tax break has resulted in the county residents paying greater property taxes for schools and basic local government services and has also limited its investments in much needed local improvements that could advance the quality of life for its county residents.
 - Musselshell County has no means to replace its lost FMR and would need to compensate by either raising property taxes, reducing government services (including staffing layoffs), delaying vital infrastructure projects, foregoing critical flood and fire mitigation ventures, and/or sacrificing economic development opportunities. By taking away future coal revenue, derived from mining Musselshell County's high BTU-low sulfur "clean coal", a highly valued commodity, and giving it to private interests, it limits the ability of the county to fund critical governmental basic services, much less opportunities for growth and prosperity and places an additional tax burden on its residents. We understood under the Biden administration the CRA was the lesser of two evils by protecting the mine from shutting down. But now conditions have changed, and it is our hope that now, with more time to work on this legislation, your office will be open to working with our county to find a solution that works for all parties involved.

- Musselshell County currently has no long-term financial protections in place to address the transition of coal revenue, which could potentially end in 9-10 years. We understand the mine is currently pursuing prospecting to expand operations by approximately 6,400 acres, under its MT DEQ Prospecting Permit (ref. X2012338 Amendment 9). The Commission is concerned that the CRA should not set a precedent where future mining expansions, like amendment nine, would automatically grant mineral rights to the Hope Family if federal coal is involved. Obviously giving away Federal Mineral Royalties for all federal coal that may be involved in future mining expansions, in principle, is a precedence the County would strongly oppose.

Make no mistake, the Commission strongly supports efforts to preserve the Mine's expanded operation well into the future. However, factors such as changes in market conditions or rising production costs could reduce coal prices to the extent it makes mining operations unprofitable. Similarly, there is great uncertainty about the magnitude of coal revenue, given the wide yearly variations of coal sales price per ton. The loss of \$6 million to \$12 million in Federal Mineral Royalties only worsens the net budgetary impact on the County taxpayers, especially when eventually coal revenues conclude.

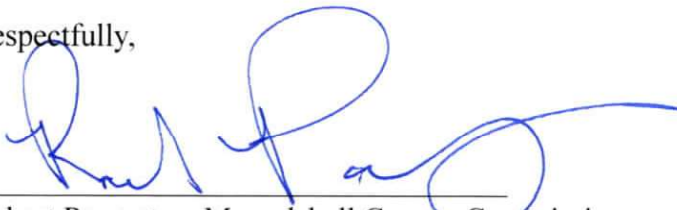
The County is looking into a long-term fiscally responsible plan, recognizing that coal revenue will unfortunately eventually run out. Conceptually at its highest level, this plan involves: 1) increasing its non-coal tax revenue sources by investing in economic development, and 2) setting aside a portion of future coal revenues to create a coal trust or coal legacy account which could accumulate interest and contribute to future county operations. The feasibility and details of such a plan are under study. Consequently, retaining all coal revenue, including the County's future Federal Mineral Royalties, is an essential vital component for the plan's success.

3. The cost to reduce the risk of a federal shutdown is being disproportionately born by Musselshell County. The amount of federal mineral royalties lost for Musselshell County is substantial, relative to its other revenue sources, but the loss to the Federal Government and the State of Montana is only a fraction of their revenue sources. Conversely, the FMR request to make Musselshell County whole is minor to the revenue windfall by the Hope Family and Crow Tribe. Similarly, Musselshell County's request for its FMR is only a small percentage of potential future mining well-earned profits the mine is poised to gain due to increased operational certainty by the CRA's reducing the risk of a federal shutdown.
4. The CRA as written is not transparent, whereas the specifics of revenue sharing between the Crow Tribe and The Hope Family are not addressed in the Act. A primary principle driving the Federal Government's financial consideration is the Hope Family sharing its Musselshell County federal mineral royalty revenue with the Crow Tribe to help alleviate the Tribe's loss of coal revenue due to the shutting down of the Absaroka Mine coal mine. We believe the bill should specify revenue sharing details and that its current vagueness raises questions.

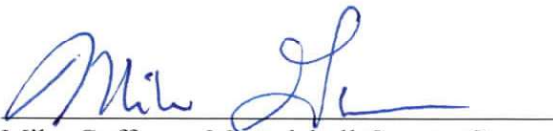
5. While we sincerely appreciate your efforts to address federal risk and support mining in the Bull Mountains, we were disappointed by your previous stance dismissing Musselshell County's claim in the CRA, citing reliance on the Northern Cheyenne Land Act as a precedent to deny compensation to the county. The Musselshell County Commission does not agree with this argument. When you compare the Northern Cheyenne Land Act it is clear this is not an apples-to-apples comparison, much less, past legislation should not necessarily set precedence for future legislation. We understand, under the Northern Cheyenne Lands Act, Musselshell County gave up potential federal coal-royalty revenues from two non-producing Bull Mountains tracts but lost no existing income since neither tract was under a producing lease and mining was restricted. In contrast, the Crow Revenue Act requires the County to relinquish Federal Mineral Royalties from areas expected to be developed.

In closing, with the imminent federal threat to the mine's operations, alleviated for the short term, we humbly plead your office to take this opportunity to reconsider the disproportional adverse impact the Crow Revenue Act has on Musselshell County and amend the Crow Revenue Act to make Musselshell County whole in the revenue sharing. We thank you for your time and consideration.

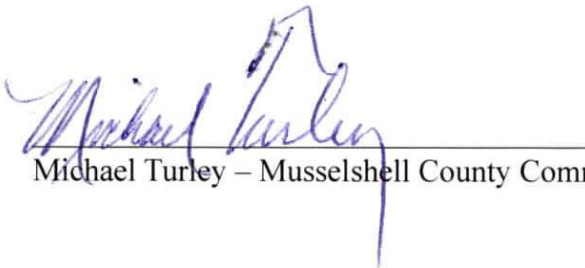
Respectfully,



Robert Pancratz – Musselshell County Commissioner – Chair



Mike Goffena - Musselshell County Commissioner – Vice Chair



Michael Turley – Musselshell County Commissioner - Member

Copy: Sen. Tim Sheehy [R-MT]; Rep. Troy Downing [R-MT-2]; Rep. Ryan Zinke [R-MT-1]; Richard Dunbar [President Montana Association of Oil, Gas, & Coal Counties]; Jason Rittal [Deputy Director Montana Association of Counties]; Frank White Clay [Chairman of the Crow Tribe]; Parker Phipps [President and CEO of Signal Peak Energy, LLC]

APPENDIX A – COAL REVENUE/TAX RELIEF INTERNAL QUANTIFICATION ASSESSMENT

KEY ASSUMPTIONS

The calculations supporting the graphs below are based on the following key assumptions:

- A. For the purpose of our internal assessment, the volume used for calculations of washable recoverable/salable coal is as quantified under the FINAL ENVIRONMENTAL IMPACT STATEMENT AND RECORD OF DECISION, BULL MOUNTAINS MINE NO. 1, FEDERAL MINING PLAN FOR FEDERAL LEASE MTM-97988 AMENDMENT 3, June 2025, per section 4-1 Proposed Actions, Table 1 - Saleable Coal to be Mined - 22,830,646.8 Tons of Federal Coal and 34,460,469.9 tons of Non-Federal Coal, for a total of washed recoverable/salable coal remaining under SPE's Bull Mountain Mine Federal Lease of 57,291,117 tons +/- 10%. According to the Office of Surface Mining Reclamation and Enforcement (OSRME), the lease originally included 35.5 million tons of federal coal, of which 8.7 million tons have been mined, leaving 26.8 million tons. This is four million more than authorized by the FEIS Amendment 3. OSRME notes that while these extra four million tons were leased, there is no mining plan for them; therefore, we have excluded them from our assessment calculations. Time phased forecast considers locations of federal vs non-federal coal, as indicated on the federal lease site map, and assumes coal production per year to range between 6,022,909 tons and 7,581,000 tons per production year (Jan 1st – Dec 31st). Based on this production range, it is forecasted the Federal Lease will be completely mined in 9-10 years (by production years ending 2033 or 2034). The 6.0 & 7.5 million tons per year is based on analysis of past production rates. We understand the current production limiting factor is transportation rail capacity. It is possible if rail capacity were improved, this could increase yearly production.
- B. Given 95% of the coal sold by Signal Peak Mine is to the Asian Markets (Japan & South Korea), the taxable Contract Sales Price for Coal Gross Proceeds and Taxable Sales Price for Federal Coal Mineral Royalties is based on a correlation factor applied to the future Asian seaborne coal price forecast, measured at the Newcastle Port in Australia, known as KPMG Pricing Index, as of May 2025. The World Bank Commodity Markets are predicting lower but stable coal prices due to weak import demand in Asia, large coal stocks, and increasing seaborne supply. Subjectively, we believe this may be a pessimistic leaning forecast, particularly given Musselshell County's high-BTU, and low sulfur content – high quality “clean” coal, relative to other market coal sources.
 - Forecast Coal Gross Proceeds (CGP) [with a Taxable Rate of 2.5% and a calculated Correlation Factor of 35%]: Newcastle Price Forecast (KPMG) x Correlation Factor x Tons x CGP Taxable Rate, whereas the correlation factor is derived by historic comparison of Coal Prices at Newcastle Port and Contract Sales Price per ton (CSP) for Musselshell County. The CSP is based on the Gross Sales Revenue – Allowable Deductions.

APPENDIX A – KEY ASSUMPTIONS CONTINUES

- Forecast Federal Mineral Royalties (FMR) [with a Taxable Rate of 7.0% and a calculated Correlation Factor of 40%]: Newcastle Price Forecast (KPMG) x Correlation Factor x Tons x FMR Taxable Rate, whereas the correlation factor is derived by historic comparison of Coal Prices at Newcastle Port and Federal Coal Taxable Revenue (FCTR) per ton for Musselshell County. The FCTR is based on the Gross Sales Revenue – Taxes Paid. We understand the Federal Mineral Royalties taxable rate is down from 8% to 7% based on the OBBBA Reconciliation Package, signed into law July 2025.
- C. This assessment also includes revenue and abatement values for the Signal Peak Energy’s real estate property tax, personal property tax and the Signal Peak Community Foundation’s (SPCF) community scholarships and grants. Property tax values are based on the County Treasure’s historical records, with future estimates similar to past payments. Personal property tax abatement has expired; however past values of tax relief have been captured in abatement totals. SPCF estimates assume \$4.3 million in issued scholarships and community grants through calendar year 2024, with approximately \$370k issued per year thereafter.
- D. Values do not include State Coal Board grants, given this funding is through state severance taxes and not directly by the Signal Peak Mine. However, the Signal Peak Mine does provide a substantial contribution to the State Severance Tax pool and Musselshell County has gratefully been a recipient of several much needed and appreciated Coal Board grants.
- E. All revenue projections include future estimates for Federal Mineral Royalties.
- F. Dollar Figures are nominal and not adjusted for inflation.

APPENDIX A - QUANTIFICATIONS

FEDERAL MINERAL ROYALTIES FORECAST [Asian Coal Futures Price Index Correlation]		90%	100%	110%
Description		Min	Mid	High
Remaining Federal Tons		20,547,582	22,830,647	25,113,711
Weighted Average Taxable Rate \$/Ton		\$ 34.36	\$ 42.79	\$ 54.04
Taxable Sales		\$ 705,934,600	\$ 976,844,842	\$ 1,357,148,305
Federal Mineral Royalty Tax Rate		7%	7%	7%
Federal Mineral Royalties		\$ 49,415,422	\$ 68,379,139	\$ 95,000,381
Federal Share	51.0%	\$ 25,201,865	\$ 34,873,361	\$ 48,450,195
State Share	49.0%	\$ 24,213,557	\$ 33,505,778	\$ 46,550,187
State	75.0%	\$ 18,160,168	\$ 25,129,334	\$ 34,912,640
Musselshell County	25.0%	\$ 6,053,389	\$ 8,376,445	\$ 11,637,547
		12.3%	12.3%	12.3%

Figure 1 – Federal Mineral Royalties – Coal Revenue Range Calculation

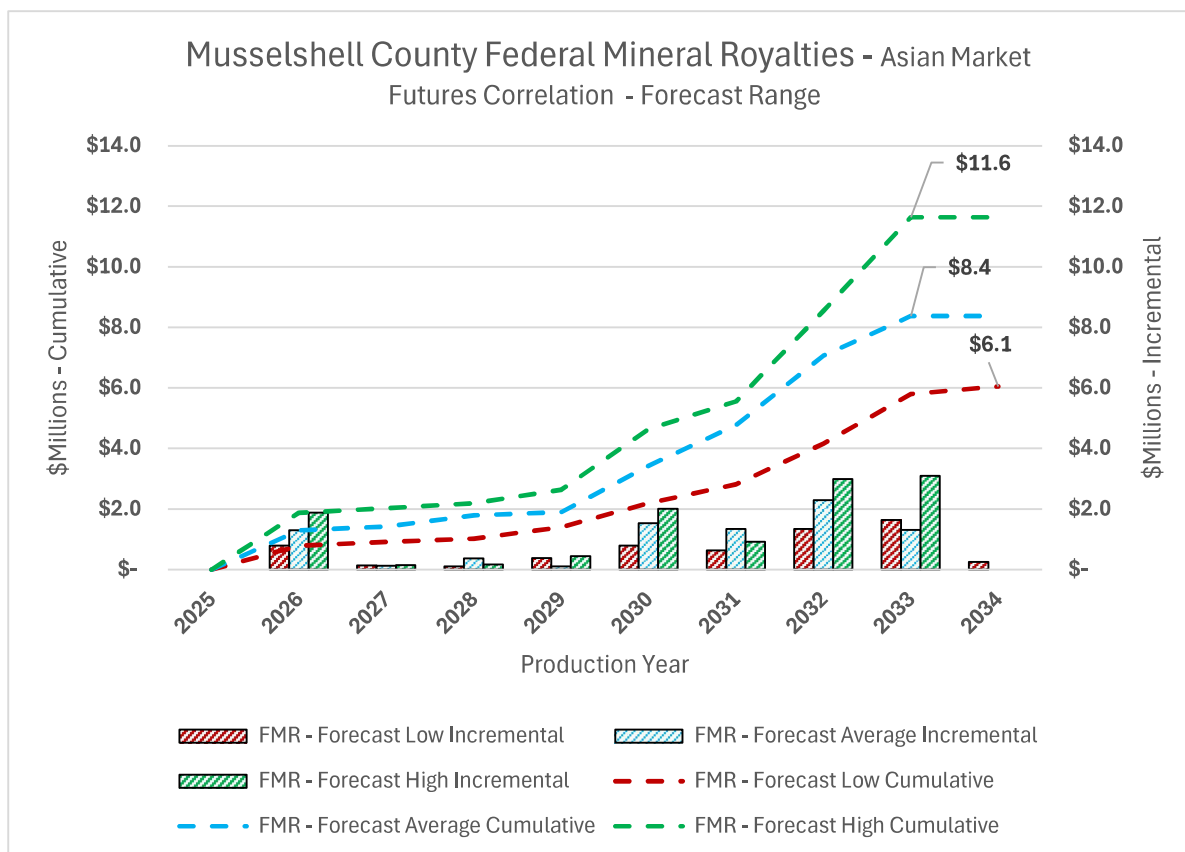


Figure 2 – Federal Mineral Royalties – Time Phased Forecast Range

APPENDIX A – QUANTIFICATIONS CONTINUED

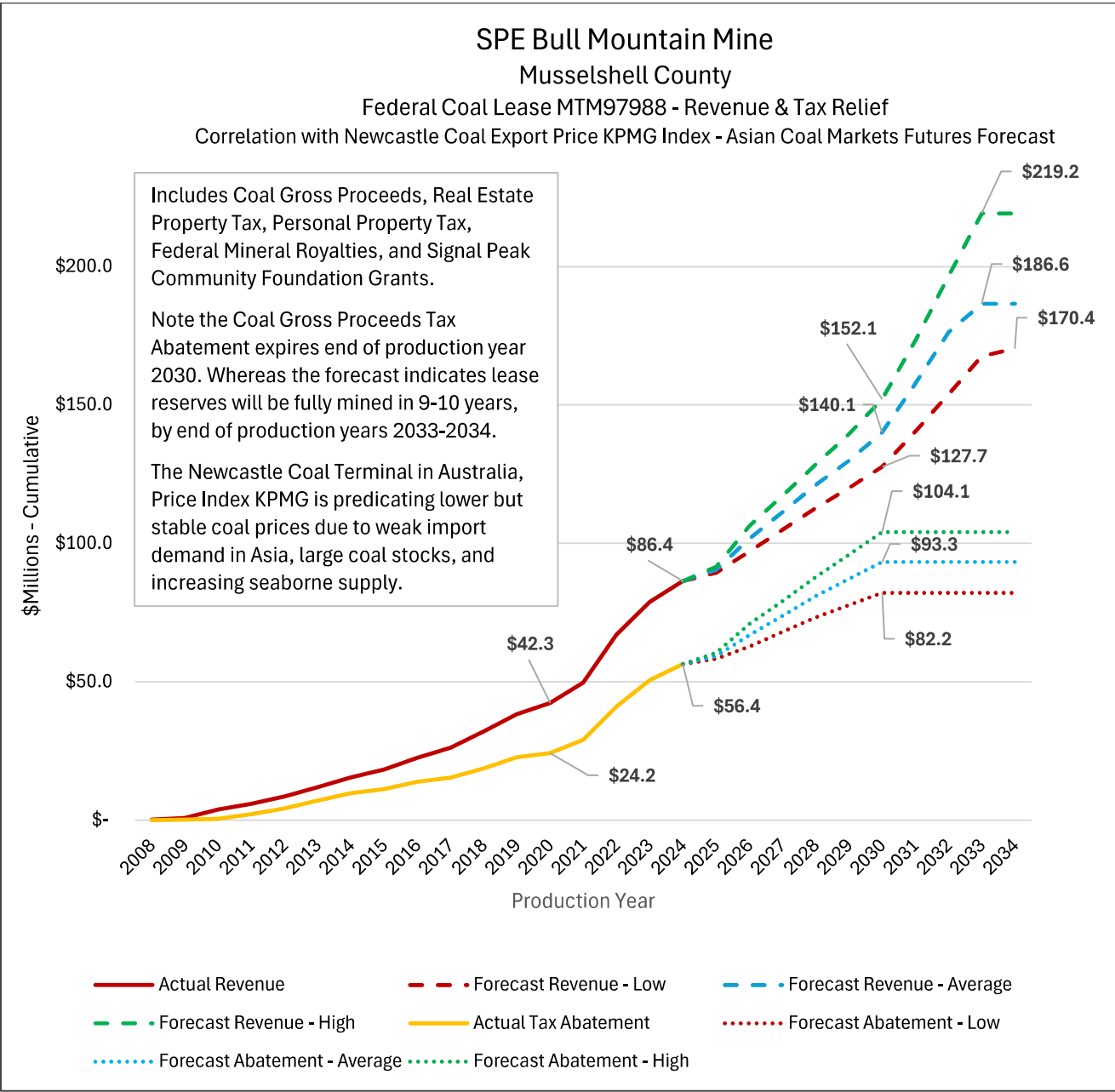


Figure 3 – Cumulative Actual and Forecasted Coal Revenue and Tax Relief Range – Time Phased

APPENDIX A – QUANTIFICATIONS CONTINUED

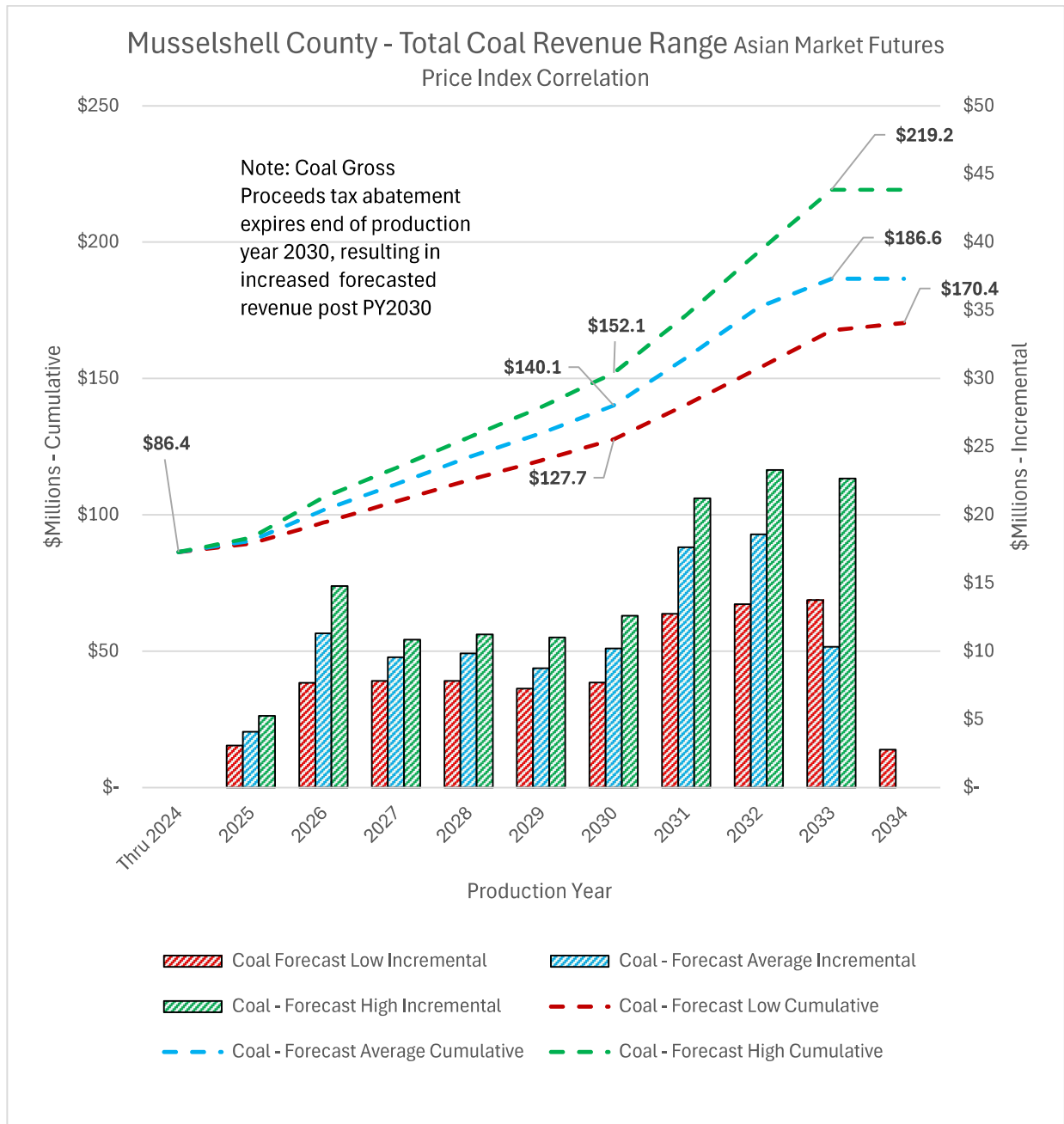


Figure 4 – Incremental & Cumulative Revenue Range – Time Phased

APPENDIX A – QUANTIFICATIONS CONTINUED

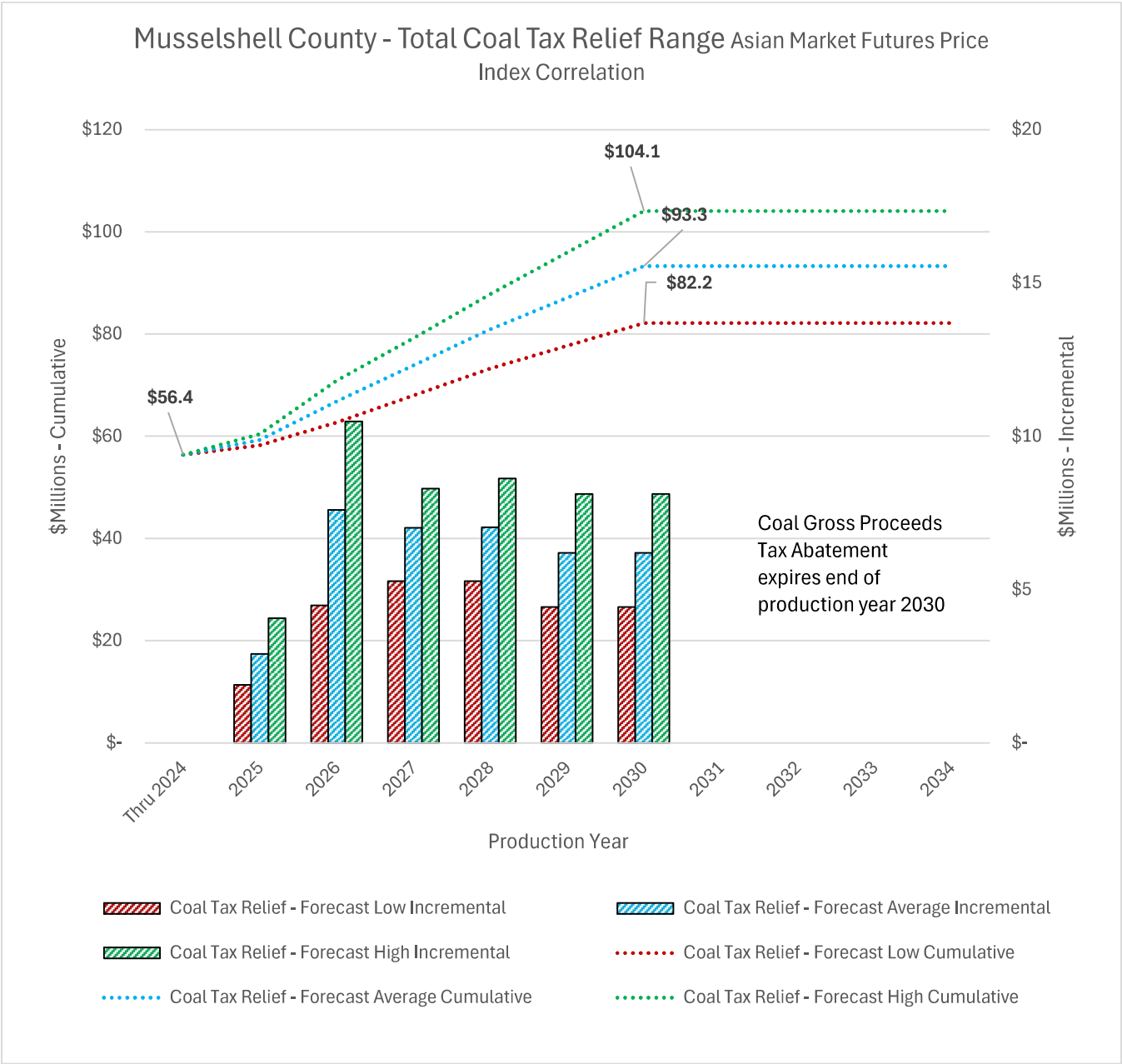


Figure 5 – Incremental & Cumulative Tax Relief Range – Time Phased

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