

November 25, 2012

EI - 19122

Ken Blodgett
Surface Transportation Board
ATTN: Environmental Filing, Docket # FD30186
395 E Street, SW
Washington DC 20423-0001

RE: TONGUE RIVER RAILROAD PROJECT, Environmental Impact Statement

Dear Mr. Blodgett:

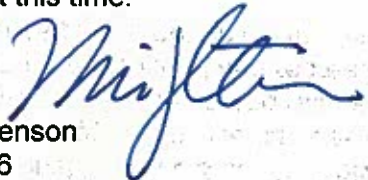
I am concerned that the EIS process is overlooking the fragile, if not false economics that mining coal in Montana for the sole purpose of consumption in a foreign country like China presents. Existing mines are being shut down and coal contracts cancelled as base-load coal-fired plants come off line domestically. Simple economics would say that, if there was a lucrative market in China, these existing mines would be shipping coal to China now while the market is hot.

A new mine with the overhead of a railroad on top of it cannot hope to compete. These are capital intensive projects that depend on 20 or 30 years of a steady or growing market to provide a reasonable return. Technology has turned the current coal market on its ear between cheap natural gas and subsidized wind power. We now have the cheapest natural gas and electric power in the world. Why would the Chinese continue to pay for \$100/ton coal while competing against \$6/ton US coal? Between the economic incentive presented here and changing technology, I think we can easily predict that the energy market in China will be very different by the time this mine and railroad are ready to ship the first ton. Giving this project a permit to ruin the agricultural and recreational economy of the Tongue River valley on an unproven business plan is not unlike the "No Doc" loans given away during the mortgage crisis.

Please study the impact of this project's business plan on its sustainability. Depending on the assumptions built into the model, this could either make sense, or not. The plan is built on the assumption that China will continue to build coal fired generation plants at the current rate, that they will continue to pay more than 10 times market value for the fuel delivered to these plants, and that politically they are going to be our friends forever. This three-legged stool seems very fragile and it is only one of many stools this project is built on.

I urge you to consider these impacts in the scope of the Environmental Impact Statement, and act upon the uncertainties in energy markets regarding this project and pursue the no-action alternative at this time.

Thank you.


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