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The Department of the Interior has ordered four coal companies to show cause within 30 days why their prospecting permits and mining leases on Crow Tribal lands in Montana should not be canceled because they exceed limitations on lease size.

Involved in the action are American Metals Climax (AMAX) and Shell Oil Co., which have mining leases; and the Peabody Coal Co. and Gulf Oil Corp. which have permits with options to lease. The companies are entitled to an administrative hearing on the matter.

The action follows by a year then-Secretary of the Interior Thomas Kleppe's decision that the companies' leases and lease options violated a 2,560-acre limitation. He ordered Shell and AMAX to cut their leases to the limit or show a clear need for more acreage. He also ruled that Peabody's and Gulf's req1.1ests for leases larger than 2,560 acres were unsupported and that larger leases would have to be negotiated with the Tribe.

Kleppe's decision was aimed at ending a suit the Crow Tribe filed against the Department in 1975, and later against the four coal companies, to have the leases and permits invalidated on grounds they exceeded acreage limitations and that the Department had failed to prepare Environmental Impact Statements on the leases.

The Tribe argued that leases--and permits granted with preferences to lease--are limited by regulation to 2,560 acres unless the permittee can show more acreage is necessary to provide coal for industrial facilities built on or near the reservation.

A continuation of the 1975 suit is now pending in the Montana U.S. District Court. In another attempt at ending the suit, the Department warned the companies last September that action to cancel would be initiated if no progress in negotiations were ma4e under the Kleppe order within 60 days. On the basis of that directive, the court gave the Department a 90-day stay but ordered it to report its position on the suit and on the validity of the leases and permits. The show cause order complies with that reporting deadline.

"Since we put the companies on notice in September there has been no progress in the negotiations--and none in the year since Secretary Kleppe's decision, for that matter, “said Interior Solicitor Leo M. Krulitz. “Some of the companies contend that because of disputes among the representation, they haven't known whom to negotiate with but regardless of the disputes, there have always been duly elected tribal officials to whom an offer might have been submitted.”

The four companies were successful bidders for coal prospecting permits on Crow lands in three sales dating back to 1968. Terms of the permits included exclusive options to lease for mining with a royalty of 17.5 cents per ton. Bonus payments for the permits ranged from as little as the $1 which Peabody paid for each of its 86,000 permit acres to AMAX’s $15.33 per acre for 16,617 acres.

Shell received a mining lease on 30,247 acres of permit lands in 1972 and AMAX on 14,236 acres in

1973. Gulf has asked for a lease on most of the 73,000 plus acres it has under permit and Peabody began negotiations with the tribe for an 11,000 acre mining lease. Both leases have been delayed pending completion of environmental Impact Statements. That work also hinges on negotiations between the tribe and the companies. In his 1977 order, Kleppe told the companies that Environmental Impact Statements would be required for each lease. But that no EIS work would begin until the companies reached agreement with the Tribe over lease size.