

Congress of the United States
Washington, DC 20515

July 2, 2015

The Honorable Sally Jewell
Secretary
U.S. Department of the Interior
1849 C Street, NW
Washington, DC 20240

Subject: Consolidated Federal Oil and Gas and Federal and Indian Coal Valuation Reform (ONRR-2012-0004).

Dear Secretary Jewell:

We write to express our concerns regarding your Department's proposed rule changing the valuation of federal and Indian coal.

Current federal coal valuation rules have provided stable and significant tax and royalty revenue to state, tribal, and federal governments. Any proposed changes to the royalty policy should be geared towards maintaining a fair return for the taxpayer. Yet your Department has offered no meaningful justification for the changes that you are now proposing.

This lack of justification is problematic as the proposal is unnecessarily complex, lacking clarity and creating an uncertain regulatory environment. The proposal grants the Office of Natural Resources Revenues (ONRR) new latitude to deem sales, potentially disallow costs, and use the "default" rule to assert arbitrary values for royalty purposes. These broad new authorities come without clear or transparent guidelines for regulators and regulated parties alike, setting the stage for inconsistent valuation and protracted litigation.

The foggy and arbitrary regulatory environment created by this rule could jeopardize affordable and reliable energy production, American jobs, and crucial revenue for state, federal, and tribal governments. As such, we request that you withdraw the rule to allow your Department to undertake further study, as well as a more thorough and effective consultation with states, tribes, local governments and other stakeholders.

Thank you for your attention to this matter and we look forward to a timely response.

Sincerely,

Cynthia M. Lummis
United States Representative

Ryan K. Zinke
United States Representative

Rob Bishop
United States Representative

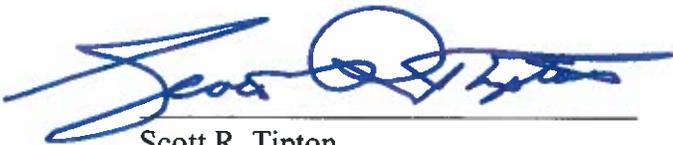

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