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Comment On: ONRR-2012-0004-0024
Consolidated Federal Oil and Gas and Federal and Indian Coal Valuation Reform

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Comment from Jeffrey Tugman,

Submitter Information

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General Comment

The current royalty valuation guidelines provide significant benefit to taxpayers and certainty for producers and have worked well since 1989. In fact, in 2014, coal producers in Wyoming and Montana paid over $600 million in federal royalties alone, half of which are disbursed back to the states for education and infrastructure. Today, over 30% of the price per ton of coal is tax, not including income taxes. If the rule isnt changed, it will likely diminish PRB coal production, in turn cutting these important federal and state revenues and hurting the economy while increasing utility costs. This new rule is yet another attempt by the Administration to keep the coal in the ground. Long-standing rules governing royalty valuation should stay the same.
The Proposed Rule
1. Creates significant uncertainty;
2. Gives the Secretary of the Interior too much power;
3. Punishes miners that sell to small industrial customers and export coal, and hurts coal cooperatives and captive mine power plants
4. Discourages federal lands energy production
5. Needs more study and review