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**Facsimile transmittal**

<b>To:</b> Mr. Armand Southall	<b>Fax:</b> (303) 445-9508
<b>From:</b> Kathy Scott	<b>Date:</b> May 8, 2015
<b>Re:</b> ONRR Comments	<b>Pages:</b> 2 plus cover 1
<input type="checkbox"/> Urgent <input type="checkbox"/> For Review <input type="checkbox"/> Please Comment <input type="checkbox"/> Please Reply <input type="checkbox"/> Please Recycle	

Per Akhtar Zaman – Have Good Day!

**THE  
NAVAJO  
NATION****MINERALS DEPARTMENT**

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**Ben Shelly**  
*President***Rex Lee Jim**  
*Vice-President*

May 7, 2015

Mr. Armand Southall  
Regulatory Specialist  
P.O. Box 25165, MS 61030A  
Denver, Colorado 80225-0165

**RE: NAVAJO NATION COMMENTS ON FEDERAL REGISTER VOL. 80, NO. 3,  
CONSOLIDATED FEDERAL OIL & GAS AND FEDERAL &  
INDIAN COAL VALUATION REFORM (RIN 1012-AA13)**

Dear Mr. Southall:

The following comments are submitted on behalf of the Navajo Nation (Nation) in response to the proposed Consolidated Federal Oil & Gas and Federal & Indian Coal Valuation Reform published at 80 Federal Register 608 (January 6, 2015). The Nation's comments focus on the Office of Natural Resources Revenue's (ONRR) proposed changes to the Indian coal valuation reform.

1. The Nation supports keeping Federal and Indian rules separate, and keeping reform of oil and gas rules separate from reform of coal valuation rules.
2. The Nation supports keeping the definitions separate. This provides clarity, and is consistent with the Indian oil valuation regulations and Indian gas valuation regulations.
3. The Nation proposes adding specific language that applies to both arm's-length and non-arm's-length sales that clearly states that in no way should value for royalty purposes be less than gross proceeds. This language should be in addition but separate from what is stated at §1206.456.
4. The Nation proposes adding specific language that applies to both arm's-length and non-arm's-length sales that clearly states that the lessee is required to put coal into marketable condition at no cost to the lessor. This language should be in addition to what is stated at §1206.456.
5. The Nation proposes adding language that requires that royalties be due on "take or pay" contract provisions.
6. The Nation proposes adding language at §1206.450 that clarifies that an Operating Agreement between the lessor and lessee is also considered a lease.

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7. The Nation proposes adding language that allows after a certain amount of time royalties to be assessed on stockpiled coal. Stockpiled coal loses its value due to degradation.
8. At §1206.458(b)(1), the Nation proposes adding language stating that ONRR will consult with the Indian tribe prior to making a decision.
9. The Nation is not opposed to using an index as a price floor for captive mines, if an appropriate index could be identified.
10. The Nation supports eliminating the current benchmarks, and appreciates ONRR's efforts with the coal valuation regulation reform.

If you have questions concerning our comments, please contact Akhtar Zaman, Director, Minerals Department at (928) 871-6587, or Rowena Cheromiah, Minerals Royalty and Audit Manager, Minerals Department at (928) 871-6057.

Sincerely,



Akhtar Zaman, Director  
Minerals Department

RC:AZ/kjs

xc: Bidtah N. Becker, Assistant Attorney General, Department of Justice  
Rowena Cheromiah, Minerals Royalty and Audit Manager, Minerals Dept.