



May 4, 2017

Armand Southall
Regulatory Specialist
Office of Natural Resources Revenue
P.O. Box 25165, MS 61030A
Denver, CO 80225

Re: RIN 1012-AA21 - Federal Oil and Gas and Federal and Indian Coal Valuation

Dear Mr. Southall,

I write on behalf of the membership of the American Exploration and Production Council ("AXPC") in response to the Advance Notice of Proposed Rulemaking, published at 82 Federal Register 16,325 (April 4, 2017), concerning royalty valuation for federal oil and gas, as well as federal and Indian coal. We appreciate the willingness of the Office of Natural Resource Revenues ("ONRR") to re-examine July 1, 2016 royalty valuation rule which was to have taken effect January 1, 2017.

AXPC is a national trade association representing 33 of America's largest and most active independent natural gas and crude oil exploration and production companies, each with considerable experience drilling, operating and producing oil and natural gas on federal lands. APXC members are "independent" in that their operations are limited to exploration and production activities. Moreover, its members operate autonomously, unlike their fully integrated counterparts, which operate in additional segments of energy, such as downstream refining and marketing.

The new ONRR valuation rule changes numerous longstanding valuation policies which oil and gas operators have relied on to program their accounting systems in paying federal royalties. This rule created substantial confusion and uncertainty in how operators should meet their payment and reporting obligations. Due to the numerous problems created by this rule, APXC recommends it be repealed and replaced with the previous rule. AXPC agrees that this approach is consistent with the President's 1/30/17 Executive Order on Reducing Regulation and Controlling Regulatory Cost. There is no reason for AXPC members to have to have different methods and accounting systems for paying federal royalties from those of private and state mineral owners.

AXPC also supports the more detailed comments filed by API, IPAA and COPAS in this matter. Thank you for this opportunity to provide input into this important issue.

Very truly yours,

A handwritten signature in blue ink, appearing to read "V. Bruce Thompson". The signature is fluid and cursive, written in a professional style.

V. Bruce Thompson
President