

Date: May 1, 2017

To: Armand Southall, ONRR Regulatory Specialist

From: Norine Kasperik, Wyoming State Representative, HD 32, 2011 to 2016

Re: Rescind ONRR's 2017 Valuation Rule and continue with the existing rules that work

As a former Wyoming legislator, Vice Chairman of the Wyoming House of Representatives' Minerals, Business and Economic Development Committee, and, Chairman of the Federal Natural Resources Management Committee, I urge you to continue with the existing federal rules that lead to a proper value of coal. It has generated robust revenues for the federal government and the State of Wyoming for many years. These revenues have been used to build schools in every county of Wyoming.

The ONRR's 2017 Rules lead to unreliable coal valuation on the resale of coal and do not reflect the true value of the coal "at the mine". Also, there is no legal basis to mandate a Netback of coal. This is a different process for coal compared to proposals for oil and gas and discriminates against coal leases.

The 2017 Valuation would amount to an unlawful royalty on the value of services provided by vertically integrated companies.

The "Default Provision" would give ONRR extraordinarily broad discretion to impose a different royalty value many years after a royalty was reported and paid. Further, the default rule would not necessarily be applied to oil and gas. ONRR allows for an index for these commodities.

Neither the ONRR nor the Department of the Interior is authorized under the Mineral Leasing Act of 1920 to establish energy policy or to use their regulatory authority under the Act to address climate change concerns. The rule, directed by the Act, is to optimize Federal revenue from leased federally owned lands. Specifics of the "default provision" would likely shut down the potential 100 million tons of coal per year shipped to international companies from the Powder River Basin. Please consider a proper economic analysis of the proposed rule by the General Accounting Office.

The background of the 2017 Valuation Rule suggests it is targeted directly at exports. In essence, the Rule imposes an unconstitutional tax on exports.

Please return the existing benchmark system. It is right for our country and for Wyoming.