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Consolidated Federal Oil & Gas and Federal & Indian Coal Valuation Reform RIN 1012-AA13

Comment On: ONRR-2012-0004-0001

Consolidated Federal Oil and Gas and Federal and Indian Coal Valuation Reform

Document: ONRR-2012-0004-0046

Comment from Christopher Lish,

Submitter Information

Name: Christopher Lish

General Comment

Sunday, March 8, 2015

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

Subject: Close the coal valuation loopholes -- Consolidated Federal Oil and Gas and Federal and Indian Coal Valuation Reform (Docket ID: ONRR-2012-0004-0001)

Dear Office of Natural Resources Revenue Regulatory Specialist Southall,

As a taxpayer concerned about coal operations on federal land, I am writing to support reform of the coal royalty valuations on federal and Tribal lands. The proposed rule is a much-needed step in the right direction; however, it does not go far enough. Giving publicly owned coal to private companies is incompatible with President Obama's stated commitment to stop runaway climate change. Coal is the largest source of dangerous carbon pollution in the country and the federal coal-leasing program is a serious threat to President Obama's efforts to combat climate disruption. You must end the federal coal leasing program and do everything in your power to keep publicly owned coal in the ground. I urge you to adopt even stronger regulations that will protect federal lands, help prevent carbon pollution, and ensure coal companies pay their fair share.

"Our duty to the whole, including to the unborn generations, bids us to restrain an unprincipled present-day minority from wasting the heritage of these unborn generations. The movement for the

conservation of wildlife and the larger movement for the conservation of all our natural resources are essentially democratic in spirit, purpose and method."

-- Theodore Roosevelt

The existing royalty loophole made it possible for coal companies to sell coal to their own subsidiaries and pay royalties on that sale in order to reduce their royalty rate. A recent report from the Center for American Progress, found that 42 percent of coal produced in Wyoming in 2012 was sold this way and that the five biggest coal companies operating in the Powder River Basin currently have more than 500 affiliated companies through which they sell coal. As a result, the coal industry is paying just 4.9 percent of the value of coal mined from public lands--well below the 12.5 percent royalty rate companies are supposed to pay under federal law for surface mined coal and the 8 percent royalty rate for underground coal.

"Our government is like a rich and foolish spendthrift who has inherited a magnificent estate in perfect order, and then has left his fields and meadows, forests and parks to be sold and plundered and wasted."

-- John Muir

The final rule must reflect the true value of publicly-owned coal and ensure fair returns to taxpayers by incorporating the following changes:

* Your proposal intends to base royalties on the first "arms length" sales, but this is still too early in the process. Instead, royalties should be based on the final sale to a power plant or other end-user. This would improve transparency, reduce administrative burdens, and better reflect the true value of publicly-owned coal.

* Instead of allowing coal companies to pass the full price of transporting and washing coal onto the public, these reductions should be capped at 50 percent, in line with the oil and gas rules.

* Studies suggest the current proposal vastly understates the pervasiveness of non-arms-length coal sales. The final regulation should reanalyze the issue and recalculate the benefit to taxpayers from closing the loophole.

According to a recent study published in the journal "Nature," we must leave at least 90 percent of remaining U.S. coal reserves in the ground to have just a 50-50 chance of stopping runaway climate change. Please end the federal coal leasing program and do everything in your power to keep publicly owned coal in the ground.

"A thing is right when it tends to preserve the integrity, stability, and beauty of the biotic community. It is wrong when it tends otherwise."

-- Aldo Leopold

Thank you for your consideration of my comments. Please do NOT add my name to your mailing list. I will learn about future developments on this issue from other sources.

Sincerely,
Christopher Lish
Olema, CA