Southall, Armand <armand.southall@onrr.gov>

2017 Valuation Rule comment letter (RIN 1012-AA20)

1 message

LSO - Shaun McCullough <Shaun.McCullough@wyoleg.gov> Tue, Apr 11, 2017 at 8:18 AM
To: "armand.southall@onrr.gov" <armand.southall@onrr.gov>

Mr. Southall,

I am submitting the attached comment letter, in reference to RIN 1012-AA20 (proposed rule to repeal the 2017 Valuation Rule), on behalf of Senator Eli Bebout of the Wyoming Legislature. Please let me know if you need anything else from me.

Sincerely,

Shaun

Shaun McCullough, *Staff Attorney*
Wyoming Legislative Service Office
Mailing Address: 200 West 24th Street, Rm 213, Cheyenne, WY 82002
Physical Address: 3001 East Pershing Blvd., Cheyenne, WY
T: 307.777.7881 E: shaun.mccullough@wyoleg.gov

Legislative Links: www.wyoleg.gov @wylegislature Email Updates

CONFIDENTIALITY NOTICE: This transmission, including any attachments, may be a confidential communication under Wyoming laws and in any event is intended solely for the use of the individual to whom it is addressed. If you have received this transmission in error please notify the Legislative Service Office immediately at (307) 777-7881 or by replying to this message. Copying or dissemination of any part of this transmission by any person other than the named addressee is not authorized.

2017 Valuation Rule repeal letter - Bebout.pdf
122K

WYOMING SENATE DISTRICT 26

April 11, 2017

Armand Southall
Regulatory Specialist
Department of the Interior
Office of Natural Resources Revenue
P.O. Box 25165
Denver, CO 80225

RE: RIN #1012-AA20

Dear Mr. Southall:

I am writing in support of the Office of Natural Resources Revenue's (ONRR) proposed rule to repeal the 2017 Valuation Rule. Repealing this rule will maintain the longstanding, current benchmark system used to value coal in a non-arm's length sale. The benchmark system remains appropriate in today's domestic energy markets, is subject to robust auditing and enforcement and has provided, and will continue to provide, substantial revenues to the state of Wyoming, numerous other coal-producing states and the federal government.

It is my understanding that the benchmark system is the most accepted and accurate method to value coal in a non-arm's length sale. The 2017 Valuation Rule, however, eliminates the benchmark system and instead provides for a much less reliable "netback" valuation method. In fact, the netback method is the method of last resort because it is considered the least reliable method for valuing coal. Requiring such an unreliable method seems contrary to the rule's stated purpose of providing greater simplicity, certainty, clarity and consistency to regulators and the regulated community. The netback method is also problematic because royalty rates would be assessed on values that do not reflect the coal's true value, its value at the mouth of the mine.

Because of these issues and the fact that the current benchmark system has, for decades, operated fairly, effectively and efficiently, I encourage repealing the 2017 Valuation Rule. Thank you for the opportunity to submit these comments.

Sincerely,

/s/

Senator Eli Bebout
Wyoming Senate President