Congress of the United States
Washington, DC 20515

March 30, 2017

The Honorable Ken Calvert
Chairman
Subcommittee on Interior and Environment
House Committee on Appropriations
U.S. House of Representatives
2007 Rayburn HOB
Washington, DC 20515

The Honorable Betty McCollum
Ranking Member
Subcommittee on Interior and Environment
House Committee on Appropriations
U.S. House of Representatives
1016 Longworth HOB
Washington, DC 20515

Dear Chairman Calvert and Ranking Member McCollum:

We write to urge you to include language in the upcoming Interior, Environment, and Related Agencies Appropriations Act for Fiscal Year 2018 which would prohibit the Department of the Interior (Interior) from implementing changes to increase the rate of any royalty required to be paid for oil, gas, and coal produced on federal lands or to change the regulations governing the valuation of federal oil, gas, and coal.

The Department of the Interior is attempting to further burden present and future federal resource development by finalizing a coal valuation rulemaking that would upend current standards that have provided stable and significant tax and royalty revenue, $4.8 billion from 2010-2012, to state and tribal governments as well as the federal treasury. The agency has also proposed to increase oil and gas royalties. Yet, in FY14 and FY15 onshore oil and gas royalties created $5.5 billion in revenue for the federal government. Significantly modifying these rates would crush small and midsize producers that are already struggling to survive in the current oil market.

Increasing royalties will not expand federal revenues, but will lower them by slowing natural resource production on federal lands. Interior is also evaluating steps to increase royalty rates on federal coal, despite declining production due in part to overbearing government regulations.

The Administration claims these changes are necessary to ensure taxpayers are getting a fair return. Instead, the proposed rules will reduce investment, reduce federal, state, and tribal royalty revenue, decrease jobs, and reduce access to affordable energy. Furthermore, the proposals grant Interior new authority to unilaterally set prices for royalty purposes – all without clear or transparent guidelines for regulators and regulated parties, which will lead to unpredictable valuation and lengthy legal challenges.

Accordingly, we ask that you include language similar to the following:

"SEC. ____. None of the funds made available by this Act may be used for (1) the finalization, implementation, or enforcement of the proposed rule by the Department of the Interior entitled ''Consolidated Federal Oil & Gas and Federal & Indian Coal Valuation Reform'' (80 Fed. Reg. 607); or (2) to finalize, implement, or enforce any increase of the rate of any royalty required to

be paid to the United States for coal, oil, or gas produced on Federal land, including through the preparation or publication of a proposed rule relating to such an increase."

We ask that you consider the effects that this rule would have on our states, tribes, and energy developers, and urge you to include this prohibiting language in the upcoming Interior, Environment, and Related Agencies Appropriations Act for Fiscal Year 2018.

Thank you in advance for your consideration of this request.

Sincerely,

Steve Pearce
Member of Congress

Scott Tipton
Member of Congress

Doug Lamborn
Member of Congress

Kevin Cramer
Member of Congress

Paul A. Gosar D.D.S.
Member of Congress

Don Young
Member of Congress

Tom McClintock
Member of Congress

Brian Babin
Member of Congress