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Department of Justice
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May 8, 2015

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

Re: Regulation Identifier Number 1012-AA13; Proposed Consolidated Federal Oil & Gas and Federal & Indian Coal Valuation Reform

Ladies and Gentlemen:

I appreciate the opportunity to comment on your agency's proposal.

First, I would like to acknowledge the comments filed in this docket by Montana Governor Steve Bullock. I join in his observations about the importance of the coal industry to the nation, our State and to the Crow Nation, and I share his concerns that the final rules be fair and predictable.

I particularly share the Governor's concern about the proposed default provisions in the proposal. The level of discretion the proposal would vest in the agency, coupled with the ability to re-open royalty valuations years after production and payment of royalty, is certain to have a chilling effect when production and marketing decisions are made. Neither the U.S. nor the Crow Nation would be well served by having producers and potential consumers shy away from federal or Indian coal due to the business uncertainties caused by the royalty valuation rules. The level of discretion the rule vests in the agency is certainly susceptible of encouraging decisions likely to be perceived as, and challenged as, being arbitrary. It is important and possible to have rules that provide for a valuation that is fair, timely and final.

Sincerely,

TIM FOX
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MONTANA DEPARTMENT OF JUSTICE

Legal Services Division ★ Division of Criminal Investigation ★ Highway Patrol Division ★ Forensic Science Division
Gambling Control Division ★ Motor Vehicle Division ★ Information Technology Services Division ★ Central Services Division