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

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General Comment

This rule is an unabashed attempt by the political left to destroy the coal industry.

To say that the value of the coal should include every cost incurred between the mine and the customer defies common sense.

True, the mine has a contract that includes cost of shipping and such. How can the ONRR say that that portion of the cost that covers shipping is income for the mine? It doesn't make any kind of sense.

The real issue with the proposed ruling is this: If a mine can prove through standard accounting methods that it isn't making a dime on the coal, (with the net back and such), there is language that says the secretary can write his own idea of how the tax should be figured. How can any business continue to operate with this ambiguity? And with the typical audit cycle being 7 to 10 years after the sale, how does a business plan for arbitrary value determinations of the secretary?

If the rule is passed, it will effectively kill overseas coal sales by domestic companies. If passed, be advised there will be unintended consequences.