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Comment On: ONRR-2012-0004-0024
Consolidated Federal Oil and Gas and Federal and Indian Coal Valuation Reform

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Colorado Mining Association

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General Comment

The Colorado Mining Association (CMA) submits the following comments in opposition to the proposed coal valuation rules and fully supports and incorporates by reference the comments of the National Mining Association. CMA is an industry association, founded in 1876, whose more than 1,000 members include the producers of coal and other minerals throughout Colorado and the west.

The proposed regulations are illegal and will allow the ONRR unfettered discretion in calculating the royalties assessed on the sale of coal. Colorado coal producers already pay fair value for coal produced on federal leases. In fact, Colorado ranks 4th among the states in the payment of federal royalties and total royalties, both federal and state, exceeded $40 million in 2014. See the attached Coal Production and Employment Report 2014 prepared by the Colorado Mining Association.

While it is true that royalty revenue has fallen substantially in recent years, the blame lies not in underpayment, but in policies at both the state and federal level which have discouraged coal use and production. They include:

- Clean Air Clean Jobs Act passed by the Colorado General Assembly in 2010, upon which the EPA Clean Power Plan is modeled, will shut down coal power plants and cost Colorado producers 4 million tons annually. That is equivalent to the loss of $100 million in sales annually, and $8.5 million to $12.5 million in royalty payments.
- Closed door negotiations between regulators and anti-coal activists have resulted in the closure of Tennessee Valley Authority (TVA) coal power plants. Encouraged by the Obama Administration,

these settlements have reduced to zero the amount of coal exported from Colorado to the TVA, a loss of millions of tons of sales annually. One mine has had to cut production by one-third and lay off more than 40% of its workforce.
- The EPA Clean Power Plan itself punishes Colorado for early action in reducing emissions and will require a 35% additional cut in carbon emissions, an infinitesimal decline in carbon emissions worldwide, but it will cost Colorado more than 20,000 jobs and impose double digit rate increases, while also resulting in further coal production losses.

ONRR should divulge its real agenda, which is to drive coal out of the energy mix. If the agency and the Administration are serious about reversing the decline in revenues, then it should stop the war on coal, American jobs and affordable energy. Removing disincentives to coal use while promoting cost effective policies to encourage the development and deployment of clean coal technologies, as industry has done continuously over the past four decades.

For these reasons, CMA urges ONRR to withdraw the proposed rule.

Sincerely,

Stuart A. Sanderson
President
Colorado Mining Association

Attachments

Colorado Mining Association Coal Report FINAL 5.4.15