NATIONAL ASSOCIATION OF Manufacturers

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Re: Consolidated Federal Oil & Gas and Federal & Indian Coal Valuation Reform; Docket No. ONRR-2012-0004

The National Association of Manufacturers (NAM), the largest manufacturing association in the United States representing small and large manufacturers in every industrial sector and in all 50 states, submits comments on the above-referenced proposed rule from the Office of Natural Resources (ONRR) to make several changes to the method for valuation of coal mined on federal lands.

Coal is a vital component of the nation's "all of the above" energy strategy that is fueling a manufacturing comeback. The NAM supports policies that promote the leasing, exploration and development of the nation's coal resources in an environmentally sound manner. These are national resources on public lands, and they are vital to this country's economic growth. The NAM opposes efforts to unnecessarily restrict access to these national resources. Coal leasing programs, which have historically been sporadic, have limited the potential mining of billions of tons of coal that lie beneath federal lands. A long-term, stable and flexible leasing policy should be maintained to ensure the availability of federal coal reserves to contribute to our nation's energy needs.

The ONRR's stated goal for the proposed rule is "greater simplicity, certainty, clarity, and consistency in product valuation." 80 Fed. Reg. at 608. However, as demonstrated by the comments of the National Mining Association, Cloud Peak Energy and others in the mining industry, the rule results in the opposite. The ONRR's consultation process with industry that preceded the rulemaking was inadequate and resulted in a rule at odds with the coal industry that injects arbitrariness and uncertainty into the coal leasing process. Should the rule go final, potential lessees could face a significantly higher administrative burden, enhanced risk and exposure to litigation.

In addition, the ONRR's proposed rule could have a chilling effect on coal exports. As discussed in the report filed to the docket by Timothy J. Considine, Ph.D., "A Significant Threat to Coal Exports from the Powder River Basin: The Proposed Default Provision for Federal Coal Royalties" (April 28, 2015), the proposed coal valuation changes by the ONRR would make exports of coal mined from federal lands impractical. Manufacturers support exports of coal, which support close to 40,000 jobs throughout the supply chain and across ports in more than 20 states, including Virginia, Louisiana, Maryland, Alabama, Washington, Ohio, New York and

California.[1] These jobs include mining and support activities for coal mining; construction; railroad transportation; transport by water and truck; port operations and cargo handling; and all the manufacturing supply chain jobs that support these activities. In all, coal exports added $16.5 billion in gross value to the U.S. economy in 2011.[2] Manufacturers oppose the introduction of market-distorting barriers to energy exports; the ONRR proposed rule should be revised to ensure that it does not unduly limit coal exports.

The NAM recommends that the ONRR withdraw the proposed rule and conduct a full examination into its true impact on the manufacturing community and its facilities that are involved in the supply chain supporting the coal sector.

Sincerely,

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[1] Ernst & Young, "U.S. Coal Exports: National and State Economic Contributions," *available at* http://www.nma.org/pdf/coal_export_report.pdf.
[2] *Id.*