



THE COLORADO MINING ASSOCIATION

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RE: Proposed Regulation, Delegation of Royalty Management Functions To States Minerals Management Service - 62 FR 19967 (April 24, 1997)

Dear Mr. Guzy:

This letter represents the comments of the Colorado Mining Association (CMA) on the proposed rule to authorize the delegation of several federal royalty management functions to states. The CMA is an industry organization, founded in 1876 and incorporated in 1897, whose members include lessees of federal coal reserves in Colorado and other western states, who pay royalties to the Minerals Management Service (MMS).

The proposed rule would authorize the MMS to delegate to states to apply to leasable solid minerals on federal lands certain functions under the Federal Oil and Gas Royalty Simplification Act of 1996 (RSFA), specifically those contained within the RSFA section 3 amendments to Section 205 of the Federal Oil Gas Royalty Management Act of 1982 (FOGRMA). While these amendments may authorize the delegation of certain functions to states to apply to oil and gas leasing, they are wholly inappropriate for solid minerals leasing activities. Thus, MMS's effort to apply these provisions to coal and other solid minerals is beyond statutory authority.

The authority to delegate to states any part of the Secretary's royalty management responsibilities for federal coal and other leasable solid minerals arises exclusively under Title I of the Department of the Interior and Related Agencies Appropriations Act of 1992, Pub. L. 102-154, November 13, 1991, 105 Stat. 1001 (codified at 30 USC 196). The Appropriations Act specifies the only delegable functions as "the conduct of audits, investigations, and inspections." Yet the proposed regulation would expand these functions to include the following:

- Receiving and processing production and royalty reports;
- Correcting erroneous report data;
- performing automated verification; and
- issuing demands, orders to perform restructured accountings, and other functions.

Federal coal lessees tend to operate in several different states and the regulations would enhance the potential for conflict and inconsistencies in the performance of royalty management functions. Moreover, none of these provisions are authorized by the Appropriations Act.

For these reasons, CMA requests that the proposed regulation be withdrawn or amended substantially in accordance with the points outlined in these comments and in those filed by the National Mining Association (NMA), as well as the letter of NMA to Lucy Querques, dated April 14, 1997, which CMA endorses and incorporates by reference herein.

Sincerely,

Handwritten signature of Stuart A. Sanderson

Stuart A. Sanderson President