

The Honorable Barbara Mikulski
Chairman
Committee on Appropriations
Room S 128, The Capitol
Washington, DC 20510

The Honorable Richard Shelby
Ranking Member
Committee on Appropriations
Room S 128, The Capitol
Washington, DC 20510

RE: Department of Interior, Office of Natural Resources Revenue

April 17, 2013

Dear Chairman Mikulski and Ranking Member Shelby:

The Energy Producing States Coalition (EPSC) is a group of like-minded state legislators working together to develop positions and areas of common interest on policies and issues that affect domestic energy production and transmission. The group was founded in 2011 and currently includes legislators representing Alaska, Colorado, Idaho, Mississippi, North Dakota, Ohio, Oklahoma, Texas, Utah, Wisconsin and Wyoming. These legislators work together to develop and advocate for sound public policy in areas of shared interests between energy producing states.

On behalf of the EPSC Executive Committee, we express our opposition with the Department of the Interior's Office of Natural Resources Revenue's (ONRR) [recent notification](#) to states that more than \$109 million in mineral royalties would not be paid as a result of the ongoing sequestration. This purely political decision by the Obama Administration is akin to theft and clearly disregards the intent of the Budget Control Act (BCA). The Mineral Leasing Act is the negotiated process for guaranteed fair sharing of energy resources developed in the states on public lands. As you are aware, these royalties are used by States to fund such necessary items as public school systems, community colleges, emergency response activities and basic infrastructure projects.

At the same time states were notified of the reduction of guaranteed mineral royalties, [President Obama's proposed budget](#) would place additional burdens on states. In one instance, the budget claims Alaska's share of revenue from oil and gas development in the National Petroleum Reserve – Alaska to be used to clean up abandoned federal well sites. According to media reports, the President's budget plan proposes to "temporarily" halt revenue sharing payments to the state from oil and gas development in the reserve and divert it to a new fund. That fund would supplement current funding for the Bureau of Land Management (BLM) and address priority BLM projects, which includes the cleanup of "legacy well sites" and the completion of land conveyances. The regular revenue sharing agreement would resume only once work on those items was complete. The federal government is responsible for cleaning up these wells and is now proposing to use State funds to do so.

The Interior Department's actions show a continued disregard of State's rights and are designed only to maximize the negative impact on the American public by placing additional financial burdens on States. The federal government is once again abdicating their responsibility and expecting States to bail them out. The federal government should get its own house in order and perform a thorough audit of its spending to eliminate duplicative programs across budget lines instead of stealing from the states.

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In closing, the EPSC believes that withholding state royalty payments under any circumstance is inappropriate and requests that Congress ask both the ONRR and BLM to rescind their decision and fully provide states with their entitled mineral royalties. In the event that the Administration refuses to reverse its decision, we hope that the Appropriations Committee will explore methods to ensure that guaranteed federal royalties due to states are paid in full. We also encourage our State Attorneys General to seek legal remedies should the Congress and Administration fail to reverse these draconian decisions.

Sincerely,



Representative Roger Barrus
 Utah State Legislature
 Chairman, EPSC



Speaker Thomas Lubnau
 Wyoming Legislature
 Immediate Past Chairman, EPSC

Senator Cathy Giessel
 Alaska Legislature
 Chairman-Elect, EPSC

CC:

- Senator Patrick J. Leahy (VT)
- Senator Tom Harkin (IA)
- Senator Patty Murray (WA)
- Senator Diane Feinstein (CA)
- Senator Richard Durbin (IL)
- Senator Tim Johnson (SD)
- Senator Mary Landrieu (LA)
- Senator Jack Reed (RI)
- Senator Frank Lautenberg (NJ)
- Senator Mark Prior (AR)
- Senator Jon Tester (MT)
- Senator Tom Udall (NM)
- Senator Jeanne Shaheen (NH)
- Senator Jeff Merkley (OR)
- Senator Mark Begich (AK)

- Senator Thad Cochran (MS)
- Senator Mitch McConnell (KY)
- Senator Lamar Alexander (TN)
- Senator Susan Collins (ME)
- Senator Lisa Murkowski (AK)
- Senator Lindsey Graham (SC)
- Senator Mark Kirk (IL)
- Senator Dan Coats (IN)
- Senator Roy Blunt (MO)
- Senator Jerry Moran (KS)
- Senator John Hoeven (ND)
- Senator Mike Johanns (NE)
- Senator John Boozman (AR)