

**U.S. House of Representatives**  
**Committee on Natural Resources**  
**Washington, DC 20515**

September 6, 2017

The Honorable Ryan Zinke  
Secretary  
U.S. Department of the Interior  
1849 C Street, NW  
Washington, DC 20240

Dear Secretary Zinke,

The Royalty Policy Committee (RPC) plays a potentially crucial role in ensuring that American taxpayers receive their fair share of revenues from companies extracting valuable minerals such as oil, gas, and coal from public lands. We supported your efforts to reestablish the RPC while you were a member of the Natural Resources Committee, even though other provisions in your *Certainty for States and Tribes Act*, H.R. 5259, kept us from being able to support the bill as a whole. “The reconstitution of the [RPC] is a welcome component of the bill,” we wrote in dissenting views to H.R. 5259, “since the RPC has in the past provided valuable advice and recommendations regarding federal mineral revenue collections, oversight, and enforcement.”<sup>1</sup>

We continue to support the reestablishment of the RPC, but we are seriously concerned about the makeup of the committee announced last week, which includes no voices representing public interest or environmental groups, and appears to have been assembled with a clear partisan agenda. All of the states selected as primary members have Republican governors, despite the fact that Colorado, California, and Montana—states with Democratic governors—are all among the top 7 states for receiving federal mineral revenue. Colorado and California did not even have alternates appointed, yet each of those states is responsible for more federal mineral revenue than Alaska, Texas, or North Dakota, which all have primary members *and* alternates on the RPC.<sup>2</sup>

Furthermore, the members selected for the “Academic and Public Interest Group” category are conspicuously missing any affiliations with public interest groups. Of the four primary and two alternate members named, five are from academia, and the sixth is a former employee of a coal company who currently works at Wood Mackenzie, a consulting firm frequently hired by the fossil fuel industries, not a “public interest group” by any definition of the term.

You stated that one of the purposes of reinstating the RPC is to “build greater trust and transparency in how we value our nation’s mineral resources.”<sup>3</sup> So far, your actions as Secretary have done the exact opposite:

---

<sup>1</sup> H. Rept. 114-833

<sup>2</sup> useiti.doi.gov

<sup>3</sup> U.S. Department of the Interior Press Release, Secretary Zinke Appoints Members to the Royalty Policy Committee, Announces First Meeting, September 1, 2017.

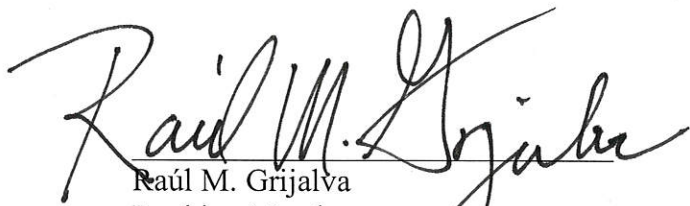
- The Office of Natural Resources Revenue unlawfully delayed the oil, gas, and coal valuation rule<sup>4</sup>—a rule that enacted numerous outstanding recommendations from the last RPC report in 2007—and has now repealed it entirely, a move that will cost taxpayers up to \$75 million a year;
- The Bureau of Land Management delayed the methane waste protection rule, and has indicated it is in the process of repealing the rule entirely, which will result in up to \$14 million in lost taxpayer revenue annually; and
- The Bureau of Ocean Energy Management cut the royalty rate for offshore drilling in shallow water by a third, and has yet to respond to the July 17 request from the committee for the analysis showing the reason for that reduction.

Appointing a committee dominated by the fossil fuel industry with no public interest voices does not build “greater trust and transparency.” We are particularly concerned that the fossil fuel companies represented on the RPC may have conflicts of interest that will not be disclosed to the public or to other members of the committee. In order for the public and the state, tribal, and academic members of the committee to be able to evaluate the positions of the industry representatives, we ask that you require the following information from each of the companies represented:


1. Their federal royalty payments for each of the past 10 years, along with any federal royalty compliance review or audit reports, and any federal or state royalty enforcement actions taken during that time; and
2. Records of sales prices of minerals to captive affiliates, subsequent prices obtained by the affiliates from reselling the same minerals, and any final audit adjustments made to values related to sales prices to captive affiliates made by federal royalty or state mineral tax auditors.

The RPC should not be allowed to act as a fig leaf for actions designed solely to favor the interests of drilling and mining companies. We ask you to reconsider the makeup of the RPC and demand proper disclosures from the industry representatives.

Sincerely,



Raúl M. Grijalva  
Ranking Member  
House Committee on Natural Resources



Alan S. Lowenthal  
Ranking Member  
Subcommittee on  
Energy and Mineral Resources

---

<sup>4</sup> On August 30, 2017, the U.S. District Court for the Northern District of California ruled that the February 2017 delay of the valuation rule violated the Administrative Procedures Act (Case 3:18-cv-2376 (N. Dist. CA)).