



February 24, 2017

The Honorable Scott Tipton
218 Cannon House Office Building
United States House of Representatives
Washington, D.C. 20515

Dear Congressman Tipton:

The Independent Petroleum Association of America (IPAA) strongly supports your efforts to use the Congressional Review Act (CRA) to vacate the Department of the Interior Office of Natural Resource Revenue's (ONRR) royalty valuation rule (81 FR 43338-01 July 1, 2016). The ONRR rule imposes significant compliance costs on independent producers and is designed to make operating on federal and tribal lands overly complex and costly. This rule will hamper the ability of independent producers operating both onshore and offshore and will ultimately reduce the amount of oil and natural gas produced on America's federal lands.

The ONRR rule makes significant changes to royalty valuation methods that impose a complex framework and will stretch the ability of most independent producers to comply. In addition, the rule changes the valuation and reporting responsibilities of producers with limited benefits, but significant new costs to our members. The rule is highly technical and establishes new procedures that create great uncertainty for independent producers. By providing no certainty on how the valuation methods will be implemented, the rule places companies at risk if they interpret the requirements differently than the ONRR auditors.

America's independent oil and natural gas producers understand the importance of paying royalties for production on federal lands. Producers have always had a duty to market oil and natural gas to the mutual benefit of the United States and themselves. However, the rules being promulgated by ONRR regarding royalty valuation will increase the cost and complexity of operating on America's onshore and offshore lands. This will discourage development of oil and natural gas in these areas and ultimately reduce revenue to the federal treasury.

For all these reasons, the IPAA strongly supports H.J. Resolution 71 and urges the House of Representatives to quickly pass this important measure.

Sincerely,

Daniel T. Naatz
Sr. Vice President, Government Relations & Political Affairs
Independent Petroleum Association of America

cc: Majority Whip Steve Scalise