



May 4, 2017

Submitted via email to: [Luis.aguilar@onrr.gov](mailto:Luis.aguilar@onrr.gov)

Mr. Luis Aguilar  
Regulatory Specialist  
Office of Natural Resources Revenue  
Building 53, Entrance E-20  
Denver Federal Center  
Sixth Ave and Kipling St.  
Denver, CO 80225

Re: RIN 1012-AA21 - Federal Oil and Gas and Federal and Indian Coal Valuation

Dear Mr. Aguilar:

These comments are submitted on behalf of the membership of the American Exploration & Production Council ("AXPC") in response to the Advance Notice of Proposed Rulemaking, published at 82 Federal Register 16,325 (April 4, 2017), concerning Consolidated Federal Oil & Gas and Federal & Indian Coal Valuation Rule (the "ANPR"). We appreciate the opportunity to comment on the ANPR as well as the willingness of the Office of Natural Resource Revenues ("ONRR") to re-examine royalty valuation rule issued on July 1, 2016 and which was to have taken effect January 1, 2017 (the "Rule").

AXPC is a national trade association representing 33 of America's largest and most active independent natural gas and crude oil exploration and production companies, each with considerable experience drilling, operating and producing oil and natural gas on federal lands. APXC members are "independent" in that their operations are limited to exploration and production activities. Moreover, its members operate autonomously, unlike their fully integrated counterparts, which operate in additional segments of energy, such as downstream refining and marketing. AXPC members are leaders in developing and applying the innovative and advanced technologies necessary to explore for and produce natural gas and crude oil that allow our nation to add reasonably priced domestic energy reserves in environmentally responsible ways.

The Rule would change numerous longstanding valuation policies on which oil and gas operators have relied to program their accounting systems in paying federal royalties. The Rule would create considerable confusion and uncertainty for oil and gas operators as they work to understand and properly satisfy their payment and reporting obligations as would be required by the Rule. Given the numerous problems created by this Rule, APXC recommends it be withdrawn and the prior valuation rule be reinstated. AXPC believes that this approach would

be consistent with the Presidential Executive Order of January 30, 2017 on Reducing Regulation and Controlling Regulatory Cost.

In addition, AXPC fully supports the more detailed comments filed by the Council of Petroleum Accountants Societies (“COPAS”) in respect of this matter.

Thank you again for the opportunity to provide input into this important issue. Should you have questions or require additional information, I can be reached by phone at 202-347-7529 or by email at [bthompson@axpc.us](mailto:bthompson@axpc.us).

Very truly yours,

A handwritten signature in blue ink, appearing to read "V. Bruce Thompson". The signature is fluid and cursive, with the first name "V." and last name "Thompson" clearly legible.

V. Bruce Thompson  
President