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## **Conservation Groups File to Join Federal Suit Over Coal, Oil, Gas Valuation**

*Groups join states in seeking to ensure companies pay  
their fair share for taxpayer-owned minerals*

*Oakland, Calif.*— Four conservation groups moved today to intervene in a lawsuit challenging a loophole that allows fossil fuel companies to avoid paying their fair share of royalties when publicly owned minerals are extracted. The groups seek to join the states of New Mexico and California, [which filed suit](#) in late 2017, in alleging that the Trump Administration’s repeal of a 2016 Office of Natural Resources Revenue rule on the valuation of publicly owned coal, oil, and natural gas violates the law and shortchanges taxpayers.

The 2016 valuation rule closed a loophole under which energy companies could avoid paying full royalties by utilizing sales of coal, oil, and gas to their subsidiaries at below-market rates as the basis for royalty payments. This has particularly been an issue with coal exports, where international prices are often higher than domestic ones.

The 2016 rule required that royalties be paid at full market value when federal minerals leave an energy company’s hands, not based on an internal transaction. Energy companies have increasingly used affiliated companies to internally sell resources, often at lower prices. In 2016, [42% of coal sales](#) in Wyoming were “captive transactions” from a coal company to an affiliated company, up from just [4% in 2004](#).

In instituting the rule, the Interior Department estimated that the rule would have increased royalty collections by more than \$70 million per year, a number which former Montana Director of Revenue Dan Bucks [has called](#) a severe underestimate. The federal government is bound by law to seek fair market value for the use of public lands and their resources. In their intervention papers, the conservation groups argue that Secretary Ryan Zinke’s Interior Department failed to explain why previous government findings that the valuation rule was crucial in guaranteeing that return are no longer valid.

The Natural Resources Defense Council filed the motion to intervene on behalf of itself, Northern Plains Resource Council, The Wilderness Society, and the Western Organization of Resource Councils.

Briefing in the case is set to begin in June with a hearing set for October.

“Public lands belong to all Americans, and so polluting companies shouldn’t be allowed to use accounting gimmicks to avoid paying their fair share when mining or drilling,” said Theo Spencer, Senior Policy Advocate at the Natural Resources Defense Council. “Opening up this loophole is just another gift from the Trump Administration to their friends in dirty energy industries.”

“Every day, our area sees the impacts of coal mining,” said Steve Charter, a Shepherd, Montana, rancher and past chair of Northern Plains Resource Council, whose property is above an underground mine that produces federally owned coal. “Given the impacts on our land, water,

and the climate, the least we can do is ensure that companies profiting from mining and drilling aren't getting a sweetheart deal. Public lands and minerals should be managed for the benefit of all Americans, not just big energy companies."

"Accountability is a Western value," said Beth Kaeding, a Bozeman, Montana, resident and chair of WORC. "Energy companies shouldn't be allowed to game the system with subsidies, loopholes, and special breaks. States, counties, and towns depend on companies paying their fair share for schools, roads, and more."

"Ensuring companies that have the privilege to mine federal minerals pay fair market value to the public for the coal, oil, and gas they extract and sell at a profit makes sense and is required by law," said Bruce Pendery, a Litigation and Energy Policy Specialist with The Wilderness Society.

The groups' motion to intervene [is available online](#).

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*NRDC works to safeguard the earth—its people, its plants and animals, and the natural systems on which all life depends. We combine the power of more than three million members and online activists with the expertise of some 500 scientists, lawyers, and policy advocates across the globe to ensure the rights of all people to the air, the water, and the wild.*

*Northern Plains Resource Council is a grassroots conservation and family agriculture group that organizes Montana citizens to protect our water quality, family farms and ranches, and unique quality of life.*

*The Western Organization of Resource Councils (WORC) is a regional network of eight grassroots community organizations with 15,190 members and 39 local chapters and affiliates in Colorado, Idaho, Montana, North Dakota, Oregon, South Dakota, and Wyoming.*

*The Wilderness Society has a mission to protect wilderness and inspire Americans to care for our wild places. TWS has offices throughout the country, including in San Francisco and Pasadena, California. TWS has more than 1,000,000 members and supporters around the West, including more than 91,000 in California. TWS has a long-standing interest in the use and management of our public lands and minerals for energy development, including supporting a transition to renewable energy sources, and ensuring that oil, gas, and coal development are focused in suitable locations and completed in a manner that ensures fair market values are paid for the minerals extracted.*