

Congress of the United States

Washington, DC 20515

November 10, 2003

The Honorable Gale Norton
Secretary
U.S. Department of Interior
1849 C Street, NW
Washington, D.C. 20240

Dear Secretary Norton,

We are writing to you to oppose the proposed rule to amend the federal oil valuation regulations which went into effect in June 2000.

In previous correspondence to you, we, along with other members of the Congress, have expressed our reservations about this rulemaking process and have asked for additional materials from MMS to explain how the agency reached its decision. However, MMS has failed to provide the documents for which we asked in a September 9, 2003, letter. An October 31, 2003, letter from MMS stated that "many of your questions are not ones we can appropriately respond to at this time." We find this response to be unacceptable in light of the significant changes that will result from this proposed rule change.

We are very concerned that if the rule change is not based on independent and accountable methods to evaluate industry's proposals, that it may be possible that MMS did not use its considerable resources and authority to ensure that its rulemaking game is played on a level field. Additionally, MMS's proposed rule on federal oil valuation is not the product of any audits that we have seen – the three-year cycle for audits of royalty payments under the 2000 rules is just beginning. The Interior Department has not conducted any independent investigation of industry's application of the rules, and it is our understanding that Interior has actively resisted using its subpoena power. Moreover, we are concerned about the possibility that MMS did not undertake any review of historical audit data to evaluate industry practices or trends.

Therefore, we reiterate our opposition to this proposed rule, especially when the public has not received all the information that went into this rulemaking process. We respectfully request that you provide the documents that were requested in the September 9, 2003, letter so that Congress and the American people will know upon what grounds the proposed rule was based.

Thank you for your attention in this matter.

Sincerely,


CAROLYN B. MALONEY
Member of Congress


NICK RAHALL
Member of Congress