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

January 23, 2006

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The Honorable Gale Norton
Secretary of the Interior
Washington DC 22222

Dear Madame Secretary:

Today's *New York Times*, in a story entitled "As Profits Soar, Companies Pay U.S. Less for Gas Rights," alleges discrepancies in accounting and collection of royalties by your Department which, if true, must be corrected. I ask for your immediate assistance in providing the Committee with all the relevant data so that we can ensure the public is getting full compensation for the production of oil and gas on lands belonging to them.

The article itself was rather confusing, in that it did not detail volumes of oil or natural gas produced from federal lands. It also did not reference the royalty-in-kind program, in which the federal government takes oil and natural gas in product, rather than revenue. I would like your Department to provide the Committee with the impact of these programs, as well. The information the Committee expects the Department to provide should include:

The volume of natural gas and oil produced from federal lands and waters in 2001 through 2005;

The royalty rate attributable to the appropriate percentages of production;

The disbursements to the individual States under the Mineral Leasing Act and the Outer Continental Shelf Lands Act;

All other information in the Department's possession that may assist the Committee in determining whether the public is receiving legitimate value for its resources.

As you know, the Committee has worked very hard to increase production of energy from our federal lands in order to ease the burden on American consumers, with limited success and against much opposition including that from newspapers like the *New York Times*. I am particularly struck with the irony that the NYT opposes the exploration for energy in ANWR, which would bring taxpayers between \$2.5 and \$5 billion immediately, and tens of billions of dollars of revenue over time if economic quantities of oil are discovered, as scientists predict will

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be the case. With less than 5% of the public's lands currently under lease and consumers suffering from high energy prices, the more energy we can produce right here at home the better it is for our economy, our national security and our citizens' energy bills. However, the public has every right to expect that the government collect the revenues it is due, and the Committee on Resources will do whatever necessary to ensure that it does.

In order for the Committee to properly determine the integrity of this story and of the Department's accounting process in a timely manner, I ask that you respond to this request no later than February 1, 2006, unless further advised. Thank you in advance for this request.

Sincerely,

A handwritten signature in black ink that reads "Richard Pombo". The signature is written in a cursive style with a horizontal line underneath the name.

RICHARD W. POMBO
Chairman

cc: Nick J. Rahall, Ranking Member