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

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June 4, 2010

The Honorable Ken Salazar
Secretary
U.S. Department of the Interior
1849 C Street, NW
Washington, DC 20240

Dear Secretary Salazar:

As oil continues to wreak havoc on the ocean and coastal environment of the Gulf of Mexico, and threatens to potentially impact the Florida Keys and the Atlantic seaboard, I urge you to ensure that BP does not add insult to injury by depriving the American taxpayers of their rightful portion of any revenues obtained from the sale of recovered oil.

I have recently written to Attorney General Holder asking him to take the necessary steps under the Oil Pollution Act of 1990 to ensure that the United States collects royalties from BP for oil and natural gas that have been released into the ocean as a result of the uncontrolled blowout following the explosion aboard the *Deepwater Horizon*. In the event that the latest attempt to cap the blowout preventer and capture the leaking oil is successful – and we all pray that it is – BP stands to be able to sell that captured oil.

Under the terms of BP's lease for this portion of the Outer Continental Shelf, all oil and gas is subject to a royalty of 18.75%. It would seem obvious that any oil collected from the blown-out well and sold should be subject to that royalty. However, according to a press report yesterday, "the Minerals Management Service wouldn't say whether BP will pay royalties to the U.S government on the oil if it's successfully captured and sent to a refinery for processing." There should be no question that the American people, who are already suffering through an environmental disaster of historic proportions, will receive every cent they are entitled to.

I therefore respectfully ask you to state unequivocally that BP will be required to pay all royalties due from the sale of any collected oil, and instruct the Minerals Management Service to be vigilant in ensuring that such royalties are collected and the American taxpayers receive their rightful share. While these royalties can in no way make

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up for the tremendous human and environmental costs of this disaster, to not require BP to pay them would be highly unfair and a dereliction of our duties as public servants.

If you have questions regarding this request, please contact Deborah Lanzone, Staff Director, Subcommittee on Energy and Mineral Resources, at 202-225-9297.

With warm regards, I am

Sincerely,



Nick J. Rahall, II
Chairman
Committee on Natural Resources

Cc: The Honorable Bob Abbey, Acting Director, Minerals Management Service