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Committee on Natural Resources
Washington, DC 20515

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June 2, 2010

The Honorable Eric Holder
Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530-0001

Dear Attorney General Holder:

As you begin your investigations into the disastrous explosion and sinking of the *Deepwater Horizon* and the resulting oil spill, I urge you to ensure that the Department of Justice also takes legal action to recover damages owed to the United States for lost royalties as a result of this disaster. Although there is no precise figure for the amount of oil and gas flowing from the well, recent government estimates indicate that at least 500,000 barrels of oil and hundreds of millions of cubic feet of natural gas have been lost, which are currently wreaking havoc on the ocean and coastal environment in the Gulf of Mexico.

As you know, BP has been officially named as the responsible party for cleanup costs and liability for damages resulting from the Deepwater Horizon incident, though other entities may be found liable as well. As Chairman of the Committee on Natural Resources, my first priority is that the environmental effects of this spill be contained and mitigated as quickly as possible, but I am also deeply concerned that the American public is compensated for damages to their public lands, waters, wildlife and minerals.

Under the Oil Pollution Act of 1990, the United States is entitled to recover from each responsible party not only removal costs and natural resource damages resulting from this spill, but also “damages equal to the net loss of taxes, royalties, rents, fees, or net profit shares due to the injury, destruction, or loss of real property, personal property, or natural resources” (33 U.S.C. §2702(b)(2)(D)). Under the terms of BP’s lease with the Minerals Management Service to drill on the federally-owned Outer Continental Shelf, the U.S. Government would have received an 18.75% royalty on all produced oil and gas, meaning that the lost oil and gas could end up costing taxpayers tens of millions of dollars in uncollected revenue. I urge the Department to take whatever legal action might be necessary to recoup these damages on behalf of the American public.

Honorable Eric Holder
June 2, 2010
Page 2

With warm regards, I am

Sincerely,

A handwritten signature in blue ink that reads "Nick Rahall". The signature is written in a cursive, flowing style.

NICK J. RAHALL, II
Chairman
Committee on Natural Resources