

Federal Judge Nixes Trump's Plan to Cut Oil, Gas, Coal Royalties

By Stephen Lee

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- *Federal judge in California strikes down Trump administration's bid to recalculate royalties for resources on public lands*
- *Interior Department says it's weighing options*

Fossil energy companies suffered a setback when a federal court struck down the Trump administration's plan to cut the royalties that oil, gas, and coal developers must pay on publicly owned land.

The decision from the U.S. District Court for the Northern District of California cuts down a piece of the Interior Department's effort to encourage more energy development. The ruling leaves in place a 2016 regulation that is expected to increase royalties by between \$72 million and \$85 million a year.

The Interior Department is reviewing the decision, said department spokeswoman Molly Block. An appeal would go to the U.S. Court of Appeals for the Ninth Circuit.

In her ruling, Judge Sandra Brown Armstrong found that the Office of Natural Resources Revenue's decision to roll back the Obama-era valuation rule was arbitrary and capricious under the Administrative Procedure Act.

Bethany Davis Noll, litigation director at New York University Law School's Institute for Policy Integrity, said Armstrong's ruling marked the first time a Trump administration repeal has been struck down by the courts.

She also predicted it would be unlikely that Interior could convince the Justice Department's solicitor general to take up an appeal, because "the repeal was so clearly inadequate, and even a Republican-appointed judge found that to be so." Armstrong was appointed by President George H. W. Bush in 1991.

A more viable path forward for the Trump administration would be to try repealing the valuation rule again, only this time with a more sound underlying analysis, Noll said.

The rollback wasn't consistent with the office's own prior findings when it enacted the rule under President Barack Obama, Armstrong wrote.

Reaction to Ruling

"Once again, the Trump administration has been checked by the courts in its unlawful attempt to bend over backwards to please special interests at the expense of hardworking Americans," California Attorney General Xavier Becerra, who led the litigation, said in an April 12 statement.

Environmentalists hailed the decision, too. Aaron Mintzes, senior policy counsel at Earthworks, said the judge's ruling was "an enormous win for taxpayers, the climate, and the rule of law."

Ashley Burke, a National Mining Association spokeswoman, said the organization is disappointed in the decision and reviewing options for next steps.

The American Petroleum Institute is doing the same thing, said spokesman Reid Porter. The 2016 rule's lack of clarity "could stifle energy production on federal lands instead of fostering safe natural gas and oil production," Porter said.

In repealing Obama's valuation rule in October 2017, former Interior Secretary Ryan Zinke said the move provided "a clean slate to create workable valuation regulations."

The judge ruled March 29 and the order was entered on April 12.

The case is California v. Dept. of Interior , N.D. Cal., 17-cv-05948, Decision 3/29/19 .

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