

News
From _____

CONGRESSMAN

Nick Rahall

WEST VIRGINIA-4th DISTRICT

EMBARGO UNTIL 12:00 Noon
March 28, 1987

CONTACT: Jerry Burkot
202-225-3452

RAHALL TO HOLD HEARING ON CORPS' LEASING PRACTICES

Washington, D.C. -- U.S. Rep. Nick Rahall (D-WV) announced today that his Interior Subcommittee on Mining and Natural Resources will conduct a hearing April 9, 1987, on the U.S. Army Corps of Engineers mineral leasing practices. The hearing will be held in Room 2257 of the Rayburn House Office Building in Washington at 10:00 a.m.

"My objective in holding this hearing is to determine why the Ohio River Division was not aware that mineral leases on federal lands are to be administered by the Bureau of Land Management; whether the Corps of Engineers has monitored these oil and gas leases for compliance with lease terms; and items relating to the collection and disbursement of rentals and production royalties from these leases," Rahall said in announcing the hearing.

According to Rahall, the effective date of the oil and gas leases in West Virginia range from as far back as 1902 to as recent as 1979. Under federal law, the state should have been receiving a portion of revenues collected from these leases.

"My first and foremost concern is, has the Corps made proper collections from these leases over the years, and I am concerned not only with recent years but with the entire history of these leases," Rahall pointed out. "Second, has West Virginia received its lawful share of these revenues. There are also other considerations such as whether any royalties that were collected were assessed on proper oil and gas production rates, and whether or not the proper value of the oil and gas was determined and reported."

The Bureau of Land Management, in its review of the situation so far, has indicated that the Corps has not been monitoring these leases. As such, it would appear likely that where the Corps might have collected production royalties, the amount collected could be based on faulty production rates and evaluations.

"If this is the case, the Corps might have collected on a given number of barrels produced at a given value for that oil, when in reality twice as much oil has been produced at a much higher value," Rahall observed. "If the Corps has not been monitoring these leases how would they know whether they have been making proper collections?"

"The Corps, in my opinion, does not possess the capability to make this assessment and I want to pursue the question 'If they don't, then who does?'" Rahall added. "We need to establish a system where an accurate account can be made of what exactly transpires in a situation such as this one."

"The U.S. Army Corps of Engineers have made a valuable contribution to West Virginia over the years through its various public works projects. I have always been very supportive of their work and have long been in the forefront of Congressional efforts to authorize and fund these projects, and I commend the Corps," Rahall said. "However, in this matter, the people of West Virginia have become the loser. We have been denied our rightful share of mineral leasing revenues. I fully intend to find out how much is at stake and what will be done to alleviate this situation."