

News

From _____

CONGRESSMAN

Nick Rahall

WEST VIRGINIA-4th DISTRICT

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ARMY CORPS OF ENGINEERS MAY OWE STATE MILLIONS

WASHINGTON, DC - West Virginia may be owed millions of dollars in mineral leasing royalties which either have not been collected or not distributed to the state, U.S. Rep. Nick Rahall (D-W.Va.) charged today.

Rahall said the Bureau of Land Management (BLM) recently found that the Ohio River Division of the U.S. Army Corps of Engineers has been running a mineral leasing program despite the fact that federal law stipulates the BLM is the administrative agency for mineral leasing on federal lands. Under the law, royalties and rentals are to be collected from mineral production on federal lands with a portion of this revenue shared with the states.

"It appears that the U.S. Army Corps of Engineers has illegally been administering its own mineral leasing program for years and has not been monitoring these oil and gas leases for compliance with lease terms," Rahall said. "This means rental and royalty payments have been, at best, made sporadically and that West Virginia has probably not received its lawful share of these revenues."

Rahall, Chairman of the House Subcommittee on Mining and Natural Resources which has jurisdiction over mineral leasing programs on federal lands, was informed of the situation by BLM Director Robert Burford. According to BLM, the agency found out about the situation in February of this year and is taking immediate steps to assume responsibility for administering the leases from the Army Corps of Engineers' Ohio River Division. There are about 300 mineral leases on 42,000 acres of federal lands within the Ohio River Division which includes West Virginia, Kentucky, Ohio and Pennsylvania. West Virginia has the majority of affected area with 194 oil and gas leases on 35,000 acres.

According to Rahall, for producing oil and gas leases, the government should be collecting royalties equivalent to 12 and one-half percent of production value with 50 to 75 percent of the total amount collected distributed to the state. The leases range from as old as 1891 to as recent as 1979. At this time the BLM is still investigating the situation and analyzing the terms of each lease.

Rahall finds it interesting that the Corps of Engineers recently won a lawsuit against West Virginia for \$10 million when for years it may have kept many times that amount from the Mountain State.

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