



CITY OF GILLETTE

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April 27, 2015

Armand Southall
Regulatory Specialist
Office of Natural Resource Revenue
P.O. Box 25165
Denver, CO 80225

Subject: Consolidated Federal Oil and Gas and Federal and Indian Coal Valuation Reform (ONRR-2012-0004 (1012-AA13))

Dear Mr. Southall:

On behalf of the Gillette City Council, I write to express concern regarding the "Consolidated Federal Oil and Gas and Federal and Indian Coal Valuation Reform." We believe that the draft rule is bad for the American people because it will diminish revenues from public lands by discouraging coal production, bad for Wyoming residents because it will add to revenue shortfalls in coming years as the Clean Power Plan and the rule combine to cut royalty disbursements to the state that fund education and infrastructure, and bad for the economy of Wyoming and jobs as the rule jeopardizes access to a potential 100 million ton per year export market for Powder River Basin coal.

The new rule makes substantial changes to royalty valuation principles without any evidence having been presented of the existing rules not working. We believe the ONRR's claim that the rule will be revenue neutral is misleading and note that no evidence to support this claim has been presented. The rule was adopted with almost no consultation with interested parties, a fact evident in the numerous flaws it contains. We are concerned about the extreme uncertainty, immensely-increased administrative burdens, and certain confusion the new rule would create.

On behalf of our constituents and their employers, the local industries who employ many of them, the Gillette City Council is concerned that the draft rule unfairly singles out coal for discriminatory measures by denying it the same valuation tools used for natural gas and oil, namely use of published index prices, and imposes unnecessary uncertainty through the 'default provision' that allows the Secretary of the Interior to set a value for coal without recourse to objective criteria.

For these reasons, I ask that you withdraw the proposed "Consolidated Federal Oil and Gas and Federal and Indian Coal Valuation Reform" draft rule.

Thank you for your attention to this matter.

Yours sincerely,

Louise Carter-King
Mayor