

-----Original Message-----

From: Gary Kovacovich <GKOVACOV@sonoma-county.org> at ~smtp

Sent: Monday, October 18, 1999 1:27 PM

To: Guzy, David

Cc: gkovacov@sonoma-county.org at ~smtp

Subject: Federal Geothermal Royalty Payments

TO: David S. Guzy

Chief, Rules and Publications Staff

Royal Management Program

Minerals Management Service

Denver, Colorado

Dear Mr. Guzy:

The Sonoma County (California) Board of Supervisors supports an equitable method of valuation of geothermal resources, which is similar to the fairness inherent from the result of an "arms-length" transaction. We understand that the "netback" method substantially reduces the royalty payments which finance governmental services at the local level. The "rate of return" method of valuation, which is supported by Lake County, California, should be seriously considered by the Department of Interior Minerals Management Service to replace the "netback" method. An equitable method of valuation will help insure that local governmental services can be maintained in the future.

Thanks for this opportunity to comment.

Gary Kovacovich, Principal Administrative Analyst, Sonoma County
Administrator's Office, Santa Rosa, CA 95403.