

Yellowstone County



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May 5, 2015

Mr. Armand Southall
Regulatory Specialist
Office of Natural Resources Revenue
P.O. Box 25165
MS61030A
Denver, CO 80225

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

Dear Mr. Southall:

We write in our role as County Commissioners of Yellowstone County, Montana, and ask that you withdraw the Department of Interior's proposed rule "Consolidated Federal Oil and Gas and Federal and Indian Coal Valuation Reform (ONRR-2012-0004 (1012-AA13))." As written, this proposed rule jeopardizes millions of dollars in royalty payments and taxes from development of federal coal, the loss of which would cause significant harm to services offered by the State of Montana and Yellowstone County.

Yellowstone County has more than 150,000 residents and is located in southeastern Montana, an area that is home to some of America's greatest energy resources. Much of this energy – oil, gas, coal and hydro power – is owned by the federal government. Development of these resources provides significant family-wage jobs and economic activity, critical tax and royalty revenue and low-cost, reliable energy and power sources for our region and states across the country. Efforts to stop this production are deeply troubling because of the negative, widespread repercussions if this development ceased.

While the stated intention of the proposed rule is to simplify valuation of oil, gas and coal, it is our understanding that the rule creates more uncertainty and complexity, which could lead to reduced production and thus a decrease in royalty and tax revenues, impacting our county directly. In addition, the proposed rule greatly expands the power of the Secretary of the Interior, giving the unchecked ability to unilaterally set unreasonable valuations. The uncertainty created by this expansion of power also threatens to lower production.

Energy production from federal resources remains critical to meeting the needs of families and businesses across our country, and it is essential to promote their responsible development. We, in Yellowstone County, are proud of the leading part we play in helping meet America's and the world's energy needs. For these reasons, we ask that full consideration be given to the proposed rule and the possible consequences of the uncertainty it would cause and that the rule is withdrawn.

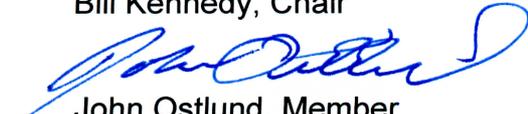
Thank you for your attention to this matter of significant importance.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
YELLOWSTONE COUNTY, MONTANA



Bill Kennedy, Chair



John Ostlund, Member



James E. Reno, Member

BOCC/ptb