



# CITY OF GILLETTE

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EXECUTIVE SECRETARIAT

February 12, 2015

The Honorable Sally Jewell  
Secretary  
Department of the Interior  
1849 C Street, N.W.  
Washington, DC 20240

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

Dear Secretary Jewell:

On behalf of the Gillette City Council, I write to request the Department of the Interior provide a 60-day extension of the comment period for the "Consolidated Federal Oil and Gas and Federal and Indian Coal Valuation Reform." The complexity of this proposed rule requires additional time to review the possible implications of the change. All of us want a sensible policy, and in order to do that, everyone who may be affected by the proposed changes - federal lessees, buyers of oil, gas, and coal, taxpayers, and others - needs to have a voice.

Situated in the mineral rich Powder River Basin, the City of Gillette has a keen interest in federal energy resources, and we find the draft rule complicated and in need of extensive comment and revision. For example, the proposed rule would assess royalties on revenues earned by a logistics services business with its own cost structure, risks and potential profits (which are already subject to income taxes) rather than the commodity to which the royalty applies by law, and would create new, complex and burdensome administrative systems, all troubling precedents not only for coal, oil and gas, but for any industry subject to federal regulation.

On behalf of our constituents and their employers, the local industries who employ many of them, the Gillette City Council is concerned that the likely outcome from this rule will be diminished sales of federal energy resources and diminished revenues for state and federal entities that may impact our local energy industries. The current rules and regulations for leasing and producing federally-owned coal have created substantial revenues for federal and state governments, including an estimated \$876 million from royalties in fiscal year 2012 alone.

As the ONRR's charge is "to collect, disburse, and verify Federal and Indian energy and other natural resource revenues on behalf of all Americans," the Office should be mindful not to discourage

investment in federal resources by dramatically changing how royalty is calculated, leading to reduced revenues to fund needed federal and state priorities.

For these reasons, I ask that you provide a 60-day extension of the comment period for the proposed "Consolidated Federal Oil and Gas and Federal and Indian Coal Valuation Reform."

Thank you for your attention to this matter.

Yours sincerely,

A handwritten signature in cursive script that reads "Louise Carter-King". The signature is written in black ink and is positioned to the right of the typed name.

Louise Carter-King  
Mayor