



**Colin Marshall**

President and Chief Executive Officer

January 21, 2015

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

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

Dear Madam Secretary:

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 and provide informed comments to the Department to help develop a sensible policy for federal lessees, buyers of oil, gas, and coal, taxpayers, and others impacted by such a change.

By way of background, Cloud Peak Energy Inc. (NYSE:CLD) is headquartered in Gillette, Wyoming, and is one of the largest and safest U.S. coal producers. Cloud Peak Energy (CPE) is a sustainable fuel supplier for approximately four percent of the nation's electricity and specializes in the production of low sulfur, subbituminous coal, nearly all of which is leased federal coal. CPE also provides logistics supply services. The company owns and operates three surface coal mines in the Powder River Basin (PRB) which produced 86 million tons of coal in 2013, the significant majority of which is supplied to electric generating facilities within the U.S. With approximately 1,700 employees, the company is widely recognized for its exemplary safety and environmental performance.

Cloud Peak Energy has an active interest in federal energy resources and finds 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. We are 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 energy production nationwide. The draft rule also has broader negative implications for the energy and other sectors that need to be fully evaluated before final comments can be provided.

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,

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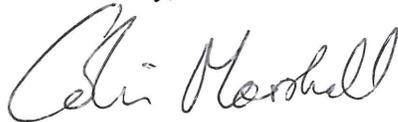
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disburse, and verify Federal and Indian energy and other natural resource revenues on behalf of all Americans," the Office should be mindful not to discourage investment in federal resources through a rulemaking dramatically changing how royalty is 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 of significant importance.

Yours sincerely,

A handwritten signature in cursive script that reads "Colin Marshall". The signature is written in black ink and is positioned above the printed name.

Colin Marshall