



**COUNTY OF LAKE  
BOARD OF SUPERVISORS**

Courthouse - 255 North Forbes Street  
Lakeport, California 95453  
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**ED ROBEY**  
District 1 Supervisor

April 11, 2003

Paul Knueven  
Manager, Minerals Revenue Management  
Minerals Management Services  
P.O. Box 25165  
MS 320B2  
Denver, Colorado 80225-0165

Dear Mr. Knueven:

This letter is being submitted for purposes of providing comments on the proposal to convene discussions to develop consensus on royalty valuations approaches (30 CFR 206, RIN 1010-AC59, as published in the March 17, 2003 edition of the Federal Register).

We are a stakeholder in this matter as we are a local government receiving a portion of the federal royalties paid by geothermal producers in Lake County, California. In fact, we believe we were the leading stakeholder in 1999 who raised concerns about valuation approaches, as referenced in the March 17, 2003, Federal Register.

We will respond to the questions posed by your office in the Federal Register, as follows:

**Question 1:** Is there a need for new or modified geothermal royalty valuation approaches, especially for the no-sales resources? Why or why not?

*Response:* Yes. We believe the net back method in the existing regulations is overly cumbersome and difficult to account for and audit. We worked with the industry to develop an alternative method in 1999 that has proven to be fair and easy to apply. It is known as the Percentage of Gross Revenue method.

**Question 2:** Are you interested and would you participate in public workshops to discuss alternative valuation procedures, with the goal of developing a consensus on new or modified approaches?

*Response:* Yes, we would look forward to participation in such workshops.

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**Question 3:** What alternatives or modifications to the existing valuation procedures do you propose?

*Response:* We would propose that royalties be based upon the Percent of Gross Proceeds method as is currently being employed at the Geysers geothermal resources in Lake County, California.

Thank you for providing this opportunity to submit comments to your office. The revenue our County receives from federal geothermal royalties is extremely important to us and it is essential that any changes which may be enacted in valuation procedures not result in a loss of revenue to local government.

Please do not hesitate to contact me if you have any questions or are in need of any additional information.

Sincerely,

A handwritten signature in black ink that reads "Ed Robey". The signature is fluid and cursive, with the first name "Ed" and last name "Robey" clearly legible.

Ed Robey  
County Supervisor

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**FAX TRANSMITTAL SHEET**

Date: 4-14-03 Time Sent: 4:50 p.m. (pt)  
To: Sharon L. Gelhardt From: D. Robey  
for Paul Hansen  
Receiving Fax Number: 303-231-3781 Our Fax Number: (707) 263-2207  
Our Phone Number: (707) 263-2368  
Number of pages sent: 3 (Please call if you do not receive all  
(including cover sheet) all pages sent.)

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**MESSAGE**

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