



April 10, 2020

Secretary David Bernhardt
Department of the Interior
1849 C Street, NW
Washington, DC 20240

Dear Secretary Bernhardt:

Thank you for your continued even-keel leadership of a majority of our public lands and resources through these unanticipated times. While the international oil dispute is characterized as the Saudi-Russian oil war, the target is clearly the US oil and gas industry. Greatly exacerbating that economic effect is the collapse of our economy due to the effects of the COVID-19 pandemic.

Wyoming and the public lands and resources you manage have a long and cooperative history. Since Wyoming is approximately 48% federally owned, our success and failure is joined at the hip. Our current good neighbor relationship cooperation is very successful. Wyoming is the third largest supplier of energy (both traditional and non-traditional) to the US; number one in coal production; number one in uranium production; number one in trona (soda ash) production; and number eight in oil and natural gas. Federal lands are an important part of that success. However, that tremendous success is severely threatened by the dual crises.

On our part, Wyoming has taken steps to assist our lynchpin industries. We are investigating and implementing statutory and regulatory programs to provide immediate relief. For the energy industry, these efforts include a temporary reduction of severance tax and the blanket tax collected by the Wyoming Oil and Gas Conservation Commission. If a company is unable to make severance and sales tax payments, Wyoming has instituted a policy allowing a temporary waiver of interest and penalties as needed. The payment is still due.

I ask your assistance for similar measures by the Department of the Interior. As you weigh various relief measures I suggest such actions be targeted towards all forms of energy and mining, and not just those that have recent political favor. We are faced with unprecedented times. Without careful targeted relief, it is foreseeable that all oil and gas drilling will cease in Wyoming in a few months. Coal and trona mining were already facing market and international challenges, today, we see further market decreases and postponed or cancelled expansion projects.

The recommendations below are temporary measures designed to keep the energy industry on life-support until the crisis subsides. The best long-term strategy for industry is a reasonable, predictable regulatory environment that enables the free market to work unencumbered by

excessive federal government control and regulation. I am not asking for any waiver of environmental quality standards.

I recommend the following:

- Temporary federal royalty and rental relief for energy and mining activities, including, but not limited to coal, oil, gas and trona (soda ash). Wyoming's statutory relief is based upon price thresholds;
- One-year extension of terms for all leases and approved Applications for Permit to Drill (APD) for energy and mining activities to allow for the limitations to operations imposed by the crises;
- Provide a new effective date for the Consolidated Federal Oil and Gas and Federal and Indian Coal Valuation Reform Rule to January 1, 2021 to prevent companies from having to re-report royalties back to 2017 by July 1, 2020, an exercise in futility in the midst of a health crisis and a waste of resources longer-term as the low price environment will likely persist well past the initial crisis response;
- Provide a one year suspension of non-producing all leases;
- Provide a one year pause should companies need to stop production before requiring plug and abandonment actions;
- Provide authority for the Office of Natural Resources Revenue to temporarily waive penalties and late fees;
- While not a strictly Department of the Interior issue, storage for oil is nearing capacity. Without additional storage, such as the Strategic Petroleum Reserve, there will soon be no place to put what little oil is being produced.

While not temporary or necessarily fiscally related. I also encourage the following:

- Continue to commit sufficient resources to see that environmental evaluations such as environmental assessments and environmental impact statements are completed in a timely and efficient manner;
- While the number of lease purchases and applications for permits are certain to decline dramatically, those few sought after by industry are the most important to them and the most economically viable. Assuring that decisions regarding those leases and permits are timely is very important.

Thank you for your consideration and I am always available should you want to discuss in more detail.

Sincerely,



Mark Gordon
Governor

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