



**U.S. Department of the Interior
Minerals Management Service
Office of Communications**

NEWS RELEASE

FOR RELEASE:

August 19, 1999

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MMS SEEKS COMMENTS ON GEOTHERMAL RULES

The U.S. Department of the Interior's Minerals Management Service (MMS) today published in the *Federal Register* an Advance Notice of Proposed Rulemaking asking the public to comment on possible new methods of determining the value of geothermal resources produced from Federal lands.

In response to deregulation of the electric power market in California and the resulting changes to the geothermal industry, the MMS is considering amending its regulations regarding the valuation, for royalty purposes, of geothermal resources used to generate electricity.

Over the past two years, State and county agencies that share geothermal royalties are seeing losses in revenue of 50 percent to over 95 percent. County officials have told MMS that they do not have a ready source of replacement funds. Members of Congress have also become alarmed at the declining royalties and have asked the MMS to reevaluate the Federal government's geothermal valuation regulations.

"MMS is aware of the dramatic and sudden decline in geothermal royalties in California and we are taking action," MMS Director Walt Rosenbusch remarked. "This royalty drop is dealing a severe economic blow to the local county governments that rely on payments from geothermal royalty to fund county services. We want the public and the geothermal industry to let us know what can be done to alleviate this problem and how the regulations can be modified to assure that royalties are paid on the fair value of the resource," he said.

In particular, the agency is seeking comments on the methods for valuing geothermal resources used either in the generation of electricity or in facilities that can directly utilize the resource in their operation.

The comment period closes October 18, 1999. Comments should be sent to: David S. Guzy, Chief, Rules and Publications Staff, Royalty Management Program, Minerals Management Service, P.O. Box 25165, MS 3021, Denver, Colorado 80225-0165; or e-Mail David_Guzy@mms.gov.

MMS is the Federal agency that manages the Nation's natural gas, oil, and other mineral resources on the Outer Continental Shelf, and collects, accounts for and last year disbursed about \$6 billion in revenues from Federal offshore mineral leases and from onshore mineral leases on Federal and American Indian lands. In 1998, MMS accounted for and disbursed over \$18 million in revenues from geothermal resources.