

REQUEST #9

CLEARANCE RECORD

(SEE INSTRUCTIONS ON REVERSE)

FORM 1010-AD04 (10/01)

Rule

IDENTIFICATION NUMBER YEAR

1010-AD04

3. SUBJECT TITLE

Federal Oil Valuation

4. SUMMARY OF DOCUMENT CONTENTS (if a revision, given rationale for change)

Attached is a Final Rule. The Minerals Management Service is amending the regulations regarding the valuation of crude oil produced from Federal leases. If you concur, please sign this clearance record. If you do not concur, please provide written comments.

5. ORIGINATOR

ORGANIZATION Department of the Interior Minerals Management Service	NAME AND TITLE Paul Knueven, Chief, Records and Information Management Team	TELEPHONE NUMBER (303) 231- 3316	DATE 04/17/2003
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6. CLEARANCES

ROUTING SYMBOL CODE	ORGANIZATION AND TITLE	SIGNATURE	DATE	INTERNAL CLEARANCE	
				SURNAME	DATE
MS 329B2	Manager Records and Information Management Team Center for Excellence, MRM, MMS	<i>Paul Knueven</i>	4-18-03	<i>Shelley</i>	4-18-03
MS 329B2	Program Manager Center for Excellence, MRM, MMS	<i>James J. Barton</i>	4-18-03		
MS 399D2	Assistant Program Director Onshore CAM, MRM, MMS	<i>Robert D. DeLorenzo</i>	4/18/03	<i>Robert D. DeLorenzo</i>	4/18/03
MS 380B2	Assistant Program Director Offshore CAM, MRM, MMS	<i>John J. [unclear]</i>	4/18/03		
MS 370B2	Chief Office of Enforcement, MRM, MMS	<i>[Signature]</i>	4/21/03		
MS 302W	Chief of Staff MRM, MMS				
MS 300B2	Associate Director Minerals Revenue Management, MMS				
MS 4223	Federal Register Liaison Policy and Management Improvement				

7. SIGNATURE INFORMATION

NOTE: INDICATE BY STAMP THE NAME OF SIGNING OFFICIAL AND DATE SIGNED.	SIGNED BY	DATE SIGNED
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8. FOR USE OF FINAL ACTION OFFICE

AFTER SIGNATURE RETURN TO: Paul Knueven, Chief, Records and Information Management Team (303) 231-3316	ISSUANCE NUMBER ASSIGNED
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FORM 1010-AD04 (10/01)

CLEARANCE RECORD <small>(SEE INSTRUCTIONS ON REVERSE)</small>	<small>FORM/REV. TYPE OF DOCUMENT</small> Proposed Rule	<small>IDENTIFICATION NUMBER (IF ANY)</small> 1010-AD04
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3. SUBJECT/TITLE

Federal Oil Valuation

4. SUMMARY OF DOCUMENT CONTENTS (if a revision, given rationale for change)

Attached is a proposed rule. The Minerals Management Service is amending the regulations regarding the valuation of crude oil produced from Federal leases. If you concur, please sign this clearance record. If you do not concur, please provide written comments.

5. ORIGINATOR

<small>ORGANIZATION</small> Department of the Interior Minerals Management Service	<small>NAME AND TITLE</small> Paul Knueven, Chief, Records and Information Management Team	<small>TELEPHONE NUMBER</small> (303) 231- 3316	<small>DATE</small> 04/17/2003
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6. CLEARANCES

ROUTING SYMBOL-CODE	ORGANIZATION AND TITLE	SIGNATURE	DATE	INTERNAL CLEARANCE	
				SURNAME	DATE
MS 320B2	Manager Records and Information Management Team Center for Excellence, MRM, MMS				
MS 320B2	Program Manager Center for Excellence, MRM, MMS				
MS 390B2	Assistant Program Director Onshore CAM, MRM, MMS				
MS 380B2	Assistant Program Director Offshore CAM, MRM, MMS				
MS 370B2	Chief Office of Enforcement, MRM, MMS				
MS 302W	Chief of Staff MRM, MMS	<i>Cathy J. Hamilton</i>	5/30/2003	<i>Johnson</i>	5/27/03
MS 300B2	Associate Director Minerals Revenue Management, MMS	<i>Judy J. Penett</i>	5/20/03		
MS 4223	Federal Register Liaison Policy and Management Improvement				

7. SIGNATURE INFORMATION

<small>NOTE: INDICATE BY STAMP THE NAME OF SIGNING OFFICIAL AND DATE SIGNED.</small>	<small>SIGNED BY</small>	<small>DATE SIGNED</small>
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8. FOR USE OF FINAL ACTION OFFICE

AFTER SIGNATURE RETURN TO Paul Knueven, Chief, Records and Information Management Team (303) 231-3316	<small>ISSUANCE NUMBER ASSIGNED</small>
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CLEARANCE RECORD

(SEE INSTRUCTIONS ON REVERSE)

Final Rule, TYPE OF DOCUMENT

Record of Compliance

IDENTIFICATION NUMBER (IF ANY)

1010-AD04

3. SUBJECT/TITLE

Federal Oil Valuation

4. SUMMARY OF DOCUMENT CONTENTS (if a revision, given rationale for change)

Attached is a record of compliance. The Minerals Management Service is amending the regulations regarding the valuation of crude oil produced from Federal leases. If you concur, please sign this clearance record. If you do not concur, please provide written comments.

5. ORIGINATOR

ORGANIZATION Department of the Interior Minerals Management Service	NAME AND TITLE Paul Kneeven, Chief, Records and Information Management Team	TELEPHONE NUMBER (303) 231- 3316	DATE 04/17/2003
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6. CLEARANCES

ROUTING SYMBOL- CODE	ORGANIZATION AND TITLE	SIGNATURE	DATE	INTERNAL CLEARANCE	
				SURNAME	DATE
MS 4230	Director Minerals Management Service				
MS 6628	Assistant Secretary Land and Minerals Management				
MS 4223	Federal Register Liaison Policy and Management Improvement				
MS 6318	Associate Solicitor Division of Minerals and Resources	<i>Fred E. Feag</i>	5/6/03	<i>Heath</i>	<i>4/30/03</i>
MS 7219	Office of Executive Secretariat Office of the Secretary				

7. SIGNATURE INFORMATION

▶ NOTE: INDICATE BY STAMP THE NAME OF SIGNING OFFICIAL AND DATE SIGNED. ▶	SIGNED BY	DATE SIGNED
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8. FOR USE OF FINAL ACTION OFFICE

AFTER SIGNATURE RETURN TO Paul Kneeven, Chief, Records and Information Management Team (303) 231-3316	ISSUANCE NUMBER ASSIGNED
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REQUEST #10

2/3/03 4:30 pm

Outreach Plan
Federal Oil Valuation Rule
Indian Oil Rule
2003

Wednesday, February 5

- MMS Director to attend STRAC meeting in Sacramento, CA.

STRAC Message: See attached.

- MMS OCA to make Congressional staff phone contacts (see list below)

Congressional Message: See attached.

Senate

Appropriations Staff – Lief Fonnbeck (Don Matheson)

Wayne Allard (R-CO) – Corey Gardner

Sen. Jeff Bingaman (D-NM) (ranking, SENR) – Patty Beneke

Sen. John Breaux (D-LA) – Rebecca Hawes

Sen. Conrad Burns (R-MT) – Christine Heggem/Myron Nordquist

Sen. Ben Nighthorse Campbell (R-CO)(Chair, Ind Cmte) – Frank Fannon

Sen. Pete Domenici (R-NM)(chair, SENR) – Scott O'Mallia

Sen. Michael Enzi (R-WY) – Dallas Scholes

Sen. Kay Bailey Hutchison (R-TX) – Joseph Jacquot

Sen. Mary Landrieu (D-LA) – Jason Schendle

Sen. Don Nickles (R-OK) (chair, Budget Cmte) – McLane Layton

Sen. Craig Thomas (R-WY) – Celia Wallace

Sen. Daniel Akaka (D-HI) – Shirley Fiske

Sen. Barbara Boxer (D-CA) – New staff TBA

Sen. Byron Dorgan (D-ND) – Ladeene Freimuth

Sen. Durbin (D-IL) – Caleb Gibson

Sen. Dianne Feinstein (D-CA) – Michael Buchwald
Sen. Tim Johnson (D-SD) – David Toomey
Sen. Carl Levin (D-MI) – Kaye Meier

House

Interior Appropriations Staff – Joel Kaplan (See Don Matheson)

Rep. Kevin Brady (R-TX) – Gene Irisari
Rep. Barbara Cubin (R-WY) (chair, E&M Sbcmtc) – Jack Belcher
Rep. Chris John (D-LA) – Gordon Taylor
Rep. Ron Kind (D-WI) (Ranking, E&M Sbcmtc) – Ben Proctor
Rep. Nick Rahall (D-WV) (Ranking, Resources Cmte) – Deborah Lanzone
Rep. Billy Tauzin (R-LA) (chair, E&C) – Garrett Graves
Rep. Mac Thornberry (R-TX) – Trey Bahm

Rep. Maloney (D-NY) – Jennifer Keaton
Rep. George Miller (D-CA) – Deborah Lanzone (?)

Before Tuesday, February 11

- MMS Director to contact Governor Offices in CA, NM, LA, and TX (Ed Shaw to work with Kit Kimball to develop contact information)

Gov Message: See attached.

Friday, February 7

- MMS Director and Kit Kimball to meet with the Governor of WY and other State officials.

Gov Message: See attached.

Monday, February 10

- MMS Director and Kit Kimball to meet with the Governor of CO and other State officials.

Gov Message: See attached.

Tuesday, February 11

- *Federal Register* Publication of Workshop Notice
- Press Release on *Federal Register* workshop notice (congressional distribution, too)

(Date to be decided): Possible: 2/12-13; Recess 2/18-21; 2/24-28; 3/3-7

- Hill Courtesy visits by Director

MMS priorities for 108th: (1) OCS alternative energy legislation; (2) permanent authority to use RIK revenues to pay for transportation and processing and SPR costs; (3) Alaska incentives authority for existing leases; (4) upcoming oil/gas rule workshops.

Message:

Member Visits:

Chairman Domenici (publication of Indian oil rule, too)
Chairman Tauzin
Chairman Cubin
Chairman Nickles (publication of Indian oil rule, too)
Sen. Bingaman
Sen. Hutchison
Sen. Landrieu
Sen. Breaux
Sen. Campbell (publication of Indian oil rule, too)

(Date to be decided)

- MRM contacts with Tribes to inform of pending publications of Indian oil rule.
- OCA congressional staff contacts to inform of pending publication of Indian oil rule

Message: See attached.

Week of February 24-28

- OCA contact with congressional staff to remind of invitation to participate in March D.C. workshop.

Tuesday, March 4

Wednesday, March 5

Thursday, March 6

- Workshops in Denver, CO (3/4); Houston, TX (3/5); Albuquerque, NM and Washington, D.C. (3/6).

Monday, March 10

- MMS Director to meet with Southern Ute Tribe Council in Ignacio, CO

Tuesday, March 11

- MMS Director to meet with Jicarilla Apache Tribal Council in Dulee, NM

Wednesday, March 12

- MMS Director to meet with The Navajo Nation Division of Natural Resources and members of the Resources Committee of The Navajo Nation in Windowrock, NM

Tuesday, March 19

- Royalty Policy Committee Meeting, New Orleans, LA
 - ✓ MMS Director to visit with Secretary of LA's Dept. of Natural Resources (Jack Caldwell).

(Date to be decided)

- Contacts with constituencies to provide post-workshop report.
- Hill meetings to brief Members/staff on workshops (Director, Deputy Director, and Associate Director, MRM).
- Consider MMS briefing to Congressional Oil & Gas Forum

(Date to be decided)

Future Outreach to be developed if proposed rule is developed and published.

7086

Federal Register/Vol. 68, No. 29/Wednesday, February 12, 2003/Proposed Rules

hours-since-last-inspection (HSLI) for engines that do not have Modification TU 175 incorporated, and within every 400 operating HSLI for engines that have Modification TU 175 incorporated, as specified in paragraph (a) of this AD.

Alternative Methods of Compliance

(d) An alternative method of compliance or adjustment of the compliance time that provides an acceptable level of safety may be used if approved by the Manager, Engine Certification Office (ECO). Operators must submit their request through an appropriate FAA Principal Maintenance Inspector, who may add comments and then send it to the Manager, ECO.

Note 2: Information concerning the existence of approved alternative methods of compliance with this airworthiness directive, if any, may be obtained from the ECO.

Note 3: A list of authorized repair centers qualified to carry out gas generator rotating assembly maintenance and cleaning may be obtained from Turbomeca S.A. or the ECO.

Special Flight Permits

(e) Special flight permits may be issued in accordance with §§ 21.197 and 21.199 of the Federal Aviation Regulations (14 CFR 21.197 and 21.199) to operate the helicopter to a location where the requirements of this AD can be done.

Note 4: The subject of this AD is addressed in Direction Generale de L'Aviation Civile airworthiness directive 1990-064(A), Revision 1, dated March 21, 2000.

Issued in Burlington, Massachusetts, on February 5, 2003.

Jay J. Pardo,

Manager, Engine and Propeller Directorate,
Aircraft Certification Service.

[FR Doc. 03-9473 Filed 2-11-03; 8:45 am]

BILLING CODE 4910-13-P

DEPARTMENT OF THE INTERIOR

Minerals Management Service

30 CFR Part 206

RIN AC09

Workshops To Discuss Specific Issues Regarding the Existing Rule— Establishing Oil Value for Royalty Due on Federal Leases

AGENCY: Minerals Management Service, Interior.

ACTION: Notice of public workshops.

SUMMARY: The Minerals Management Service (MMS) is giving notice of four public workshops to discuss specific issues regarding the existing Federal oil royalty valuation regulations at 30 CFR Part 206 for crude oil produced from Federal leases.

DATES: The public workshop dates are:

Workshop 1—Denver, Colorado, on March 4, 2003, beginning at 8:30 a.m. and ending at 2 p.m., Mountain time.

Workshop 2—Houston, Texas, on March 5, 2003, beginning at 8:30 a.m. and ending at 2 p.m., Central time.

Workshop 3—Washington, DC, on March 6, 2003, beginning at 8:30 a.m. and ending at 2 p.m., Eastern time.

Workshop 4—Albuquerque, New Mexico, on March 6, 2003, beginning at 8:30 a.m. and ending at 2 p.m., Mountain time.

ADDRESSES: The workshop locations are:

Workshop 1 will be held at the Minerals Management Service, Denver Federal Center, 6th Avenue and Kipling Street, Building 85, Auditoriums A-D, Denver, Colorado, 80226-0165, telephone number (303) 231-3302.

Workshop 2 will be held at Minerals Management Service, 4141 North Sam Houston Parkway East, Houston, Texas 77032, telephone number (281) 937-8800.

Workshop 3 will be held at the Main Interior Building, 1849 C Street, NW., Washington, DC 20240 (South Penthouse Room), telephone number, (202) 208-3512.

Workshop 4 will be held at the Wyndham Albuquerque, 2910 Yale Boulevard SE., Albuquerque, New Mexico 87106, telephone number (505) 843-7000.

FOR FURTHER INFORMATION CONTACT: Paul Knueven, Minerals Management Service, Minerals Revenue Management Program, P.O. Box 25165, MS 320B2, Denver, Colorado 80225-0165, telephone (303) 231-3316, fax number (303) 231-3781, e-mail Paul.Knueven@mms.gov.

SUPPLEMENTARY INFORMATION: MMS continues to evaluate the effectiveness and efficiency of its regulations. We believe that the Federal oil valuation rule is working well and accomplishes its objective of ensuring a fair return on federal resources. However, with our 3 years of experience with the current rule and our 5-year experience with the royalty-in-kind program, we have identified certain technical issues needing a more thorough review.

Accordingly, MMS is seeking public comment and recommendations on the following specific issues: (1) The timing and application of published indices, (2) the calculation of location and quality differentials where lessees do not have that information, (3) allowable transportation costs, (4) the rate of return allowed for calculating actual costs under non-arm's-length transportation agreements, and (5) how lessees value and report crude oil

disposed of under joint operating agreements.

Because we believe the current rule is working well and is not in need of extensive revision, we request that workshop participants focus their comments on the specific issues identified above. However, if there are other significant issues, participants may address those in their comments, if time permits.

The workshops will be open to the public without advance registration. Public attendance may be limited to the space available. We encourage a workshop atmosphere; members of the public are encouraged to participate.

For building security measures, each person may be required to present a picture identification to gain entry to the meetings.

Dated: February 5, 2003.

Lucy Querqus Denett,

Associate Director for Minerals Revenue Management.

[FR Doc. 03-9467 Filed 2-11-03; 8:45 am]

BILLING CODE 4310-MR-P

DEPARTMENT OF THE INTERIOR

Minerals Management Service

30 CFR Part 206

RIN 1010-AC24

Establishing Oil Value for Royalty Due on Indian Leases

AGENCY: Minerals Management Service (MMS), Interior.

ACTION: Reopening of public comment period and notice of public workshops.

SUMMARY: The MMS is reopening the public comment period on the proposed rule regarding the valuation for royalty purposes of crude oil produced from Indian leases.

DATES: We must receive comments on or before April 14, 2003.

ADDRESSES: Submit written comments directly to Sharron L. Gebhardt, Regulatory Specialist, Minerals Management Service, Mineral Revenue Management, P.O. Box 25165, MS 320B2, Denver, Colorado 80225. If you use an overnight courier service, our courier address is Building 85, Room A-614, Denver Federal Center, Denver, Colorado 80225. You may also e-mail your comments to us at mrm.comments@mms.gov. Also include your name and return address. Submit electronic comments as an ASCII file avoiding the use of special characters and any form of encryption. If you do not receive a confirmation that we have



U.S. Department of the Interior
Minerals Management Service
Office of Public Affairs

For Release: February 12, 2003

Contact: Nicolette Humphries
(202) 208-3118

Michael L. Baugher
(303) 231-3162

MMS TO HOLD WORKSHOPS ON REGULATIONS FOR VALUING CRUDE OIL PRODUCED FROM FEDERAL LEASES

The Department of the Interior's Minerals Management Service will hold four public workshops during March to provide opportunities for the public to discuss possible technical revisions of the Federal Oil Valuation Rule, which is used to determine royalties due on crude oil from federal leases.

MMS published the current Federal Oil Valuation Rule in March 2000, and believes the regulations work well overall to ensure a fair return on federal resources. However, the agency believes there are some technical issues, such as the treatment of transportation costs and the price indices used in valuing oil from federal leases, that require review and may be in need of refinement.

"After three years of experience, we are convinced this is a sound rule that generally does what it is intended to do -- provide the federal government and lessees alike with a fair valuation of crude oil from federal leases," said MMS Director Johnnie Burton. "At the same time, we believe we need to look at these technical issues to ensure that we are properly accounting for the cost of transporting oil and properly valuing oil produced from federal leases according to current market conditions. We are eager to hear from the public on these issues."

Oil and gas companies that produce crude oil from federal lands pay a royalty, usually a percentage, of the value of the oil produced from the lease. Generally, when companies sell oil to a non-affiliated third party, they calculate and pay royalty based on the price they receive from that party. They can also deduct from the royalty value the costs of transporting the oil to market.

When oil and gas companies sell oil to an affiliate, however, they must calculate and pay royalty on either the value their affiliate received for the oil or on published market prices. Companies also may adjust the published market prices for differences in the location and the quality of the oil produced from the lease.

MMS also announced today that it is reopening the comment period on the proposed rule for valuing crude oil produced from Indian leases.

The existing federal oil royalty valuation regulations for crude oil produced from federal leases can be reviewed at: http://www.mmm.mms.gov/Laws_Reg_D/FRNotices/PDFDocs/14022.pdf.

MMS is the federal agency in the U.S. Department of the Interior that manages the nation's oil, natural gas, and other mineral resources on the Outer Continental Shelf in federal offshore waters. The agency also collects, accounts for, and disburses mineral revenues from federal and American Indian leases. These revenues totaled over \$6 billion in 2002 and nearly \$127 billion since the agency was created in 1982. Annually, nearly \$1 billion from those revenues go into the Land and Water Conservation Fund for the acquisition and development of state and federal park and recreation lands.

-MMS-

www.mms.gov

"Even though we will focus the upcoming workshop discussions on federal oil valuation technical issues, questions may be raised and feedback received that could apply to Indian oil valuation," said Burton. "We want to make sure that the final Indian Oil Valuation Rule is as up to date as possible, and the knowledge gained through our experience in applying the Federal Oil Valuation Rule may also be applicable to Indian oil valuation."

During the upcoming workshops, MMS is requesting comment on the following specific issues:

- 1) The possibility of using different published market prices for valuing crude oil produced from federal leases;
- 2) The calculation of adjustments for the quality of oil and differences in location between oil delivered and received when companies don't have that information at hand;
- 3) What specific transportation costs companies are allowed to deduct;
- 4) The rate of return that companies use to calculate their actual costs of transportation when they own part or all of a pipeline; and
- 5) How companies value oil under a joint operating agreement; i.e., an agreement in which companies jointly develop and produce an oil and gas property.

Workshop locations and dates are:

Workshop 1: March 4, 2003, Denver, Colorado, 8:30 a.m. to 2 p.m. (MST), Minerals Management Service, Denver Federal Center, 6th Avenue and Kipling Street, Building 85, Auditoriums A-D, Denver, Colorado, 80226-0165, (303) 231-3302.

Workshop 2: March 5, 2003, Houston, Texas, 8:30 a.m. to 2 p.m. (CST), Minerals Management Service, 4141 North Sam Houston Parkway East, Houston, Texas, 77032, (281) 987-6800.

Workshop 3: March 6, 2003, Washington, D.C., 8:30 a.m. to 2 p.m. (EST), Main Interior Building, South Penthouse, 1849 C Street, NW, Washington, D.C. 20240, (202) 208-3512.

Workshop 4: March 6, 2003, Albuquerque, New Mexico, 8:30 a.m. to 2 p.m. (MST), Wyndham Albuquerque, 2910 Yale Boulevard SE, Albuquerque, New Mexico 87106, (505) 843-7000.

The workshops will be open to the public without advance registration. However, public attendance may be limited to the space available, and attendees may be required to show photo identification to gain access to the meeting venues.

The *Federal Register* notice announcing the oil valuation workshops can be viewed online at: <http://www.mrm.mms.gov/OilVal/FedVal.htm>. The *Federal Register* notice reopening the comment period on the Indian Oil Valuation Rule can be viewed online at: <http://www.mrm.mms.gov/OilVal/IndVal.htm>.