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Interior to Update Regulations on American Indian Oil Valuation

*Rulemaking Would Ensure Fair Market Value for Tribal Owners;
Certainty and Consistency for Industry*

WASHINGTON, DC -- Secretary of the Interior Ken Salazar today announced that the Department is proposing to establish a negotiated rulemaking committee to replace outdated regulations governing the valuation of oil produced on American Indian lands. The Secretary urged interested parties to nominate members for the committee and offer comments on the proposal.

“This initiative will enable the regulatory process to keep pace with a changing marketplace, ensuring that Tribal nations and individual Indian owners continue to receive a fair rate of return on these assets and offering certainty and consistency to industry in valuing these resources,” Salazar said. “The negotiated rulemaking will enable us to continue to fulfill our Trust responsibilities to American Indian lease holders by helping to sustain their long-term economic interests.”

The negotiated rulemaking committee, authorized and established under the Federal Advisory Committee Act, will make recommendations to replace existing regulations governing the valuation of oil production from American Indian leases, which has been in place since March 1, 1988. Many changes have occurred in the oil market since the 1988 rule was codified. In addition, previous efforts to revise the regulations were unsuccessful because of the diversity of comments from American Indian Tribes and industry.

A *Federal Register* notice from Interior’s Office of Natural Resources Revenue details Interior’s intent to establish the Indian Oil Valuation Negotiated Rulemaking Committee solicits nominees to sit on the panel and requests comments on the proposal. Members of the committee would develop, reach consensus and recommend proposed revisions to the existing regulations.

The committee will include representatives of communities, stakeholder and regulatory groups and other interested parties affected by the final rule, including American Indians, industry, and Federal representatives. The initiative would particularly focus on the “major portion valuation

requirement” which establishes the method for setting the highest price paid for a part or a majority of the oil produced in a particular area.

In addition to ensuring that American Indian owners continue to receive fair market value for their oil, the new rule will add certainty and consistency for companies producing oil on Tribal and allotted lands, helping to encourage exploration and development, and ensure consistency with current Federal oil and gas valuation rules.

The *Federal Register* notice will be published on Monday, January 31, 2011 and is available for public inspection today via the web at: <http://www.archives.gov/federal-register/public-inspection/>. Nominations of persons interested in serving on the committee, and comments on the proposed rulemaking committee, will be accepted for 30 days, or until March 2, 2011.

The Office of Natural Resources Revenues is the Interior Department agency responsible for collecting and disbursing revenues from energy production that occurs on Federal onshore lands, American Indian lands, and offshore areas of the U.S. Outer Continental Shelf. During Fiscal Year 2010, the agency collected and disbursed more than \$9.1 billion to various states, American Indian Tribes and individual Indian mineral owners, and to various Federal accounts, including the U.S. Treasury, the Land and Water Conservation Fund, and the Reclamation Fund.

On Monday, January 31, 2011, the *Federal Register* notice will be available at www.regulations.gov.

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