Attachment 3

U.S. DEPARTMENT OF THE INTERIOR
Minerals Management Service
Minerals Revenue Management

REQUEST TO EXCEED REGULATORY ALLOWANCE LIMITATION

OMB 1010-0095
(Expires)

1 MMS USE

PROJECT NO. _____

RECEIPT DATE (MM/DD/CCYY) ____/____/____

UPDATE: ADD / CHANGE / DEACTIVATE (circle one)

DECISION DATE (MM/DD/CCYY) ____/____/____

APPROVED / DENIED / BOTH (circle one)

PROJECT COMMENTS: _____

2 PAYOR CODE: _____

5 PAYOR NAME: _____

3 REPORTING PERIOD
FROM: _____ TO: _____

6 PAYOR ADDRESS: _____

4 REQUEST TO EXCEED ALLOWANCE LIMIT FOR (circle one):

Oil Transportation (Federal)
Oil Transportation (Indian)
Gas Transportation (Federal)
Gas Transportation (Indian)
Gas Processing (Federal Only)

7 PAYOR CONTACT: _____

8 TELEPHONE: ( ) _____

MMS USE		11	12	13	14	MMS USE	
9 LINE NO.	10 A/D	LEASE NUMBER	AGREEMENT NUMBER	PROD CODE	SALES TYPE CODE	15 A/C/D	16 LINE COMMENTS
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The Paperwork Reduction Act of 1995 requires us to inform you that this information is being collected to aid the Minerals Management Service (MMS) in evaluating royalty payors' requests to exceed established allowance rates. Respondents need only submit this information if they choose to file for a royalty allowance; we estimate the burden for voluntarily filing this request form is 1/2 hour. Comments on the accuracy of this burden estimate or suggestions on reducing this burden should be directed to the Information Collection Clearance Officer, MS 4230, MMS, 1849 C Street, N.W., Washington, DC 20240. Responses to this information collection are considered proprietary (5 U.S.C. 552). The Indian Minerals Development Act of 1982 (25 U.S.C. 2103) provides that all information related to any Indian minerals agreement covered by the Act in the possession of the Department shall be held as proprietary information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

FORM MMS-4393 - GENERAL INSTRUCTIONS, Request to Exceed Regulatory Allowance Limitation

The Form MMS-4393 is used by the reporter to ensure that MMS receives the lease data required to make a decision on the request to exceed the regulatory allowance limitations by including the lease number, the agreement number (if applicable), the product code, and the sales type code for the product being processed or transported.

In accordance with 30 CFR § 206.109 for Federal oil, 30 CFR § 206.156 for Federal gas, 30 CFR § 206.54 for Indian oil, and 30 CFR § 206.177 for Indian gas, your transportation allowance deduction at the sales type code level may not exceed 50 percent of the value of the oil, unprocessed gas, residue gas, or gas plant product. Upon request of a lessee, MMS may approve a transportation allowance deduction in excess of the limitations. To receive this approval, the lessee must demonstrate that the transportation costs incurred in excess of the limitations were reasonable, actual, and necessary. Under no circumstances may an allowance reduce the value for royalty purposes under any individual contractual arrangement to zero. An application for exception (using Form MMS–4393, Request to Exceed Regulatory Allowance Limitation) must contain all relevant and supporting documentation necessary for MMS to make a determination.

In accordance with 30 CFR § 206.158 for Federal gas, the processing allowance deduction on the basis of an individual contractual arrangement may not exceed 66 2/3 percent of the value of each gas plant product (such a value to be reduced first for any transportation allowances related to postprocessing transportation authorized by 30 CFR § 206.156). Upon request of a lessee, MMS may approve a processing allowance in excess of the regulatory allowance limitation. The lessee must demonstrate that the processing costs incurred in excess of the regulatory allowance limitation were reasonable, actual, and necessary. An application for exception (using Form MMS–4393, Request to Exceed Regulatory Allowance Limitation) must contain all relevant and supporting documentation necessary for MMS to make a determination. Please note that lessee's on Indian lands are not allowed to exceed the regulatory processing allowance limit of 66 2/3 percent.

1. For MMS use only.

2. Enter the payor code used to report royalties and allowance deductions on Form MMS-2014.

3. Enter the reporting period "From" and "To" dates in which the allowance reported on the Form MMS-2014 may exceed the regulatory allowance limitations. Note: If the lessee anticipates exceeding the regulatory limit for only certain months of the year, the lessee may submit a request with a reporting period that covers the entire year. The reporting period will begin the first day of the calendar year or when the transportation contract begins, is modified or amended, and will end the last day of the calendar year or when the transportation contract or rate terminates, is modified or amended whichever is earlier.

4. Circle the type of allowance for which you are requesting an exception to the regulatory limitations. Note: Only one type of allowance may be circled per form. Therefore, if the lessee is requesting to exceed the 50 percent regulatory allowance limitation for gas transportation and also requesting to exceed the 66 2/3 percent regulatory allowance limitation for Federal gas processing, then the lessee must submit two separate Forms MMS-4393.

5. Enter the payor name used to report royalties and transportation/processing deductions on Form MMS-2014.

6. Enter the payor address used to report royalties and transportation/processing deductions on Form MMS-2014.

7. Enter the payor contact name of the person who completed the Form MMS-4393.

8. Enter the telephone number of the payor contact listed above.

9. For MMS use only. (Note: If the number of lease number/agreement number/product code/sales type code combinations being listed exceeds the number of lines on the Form MMS-4393, use additional Forms MMS-4393.)

10. For MMS use only.

11. Enter the same lease number as reported on Form MMS-2014.

12. Enter the same agreement number as reported on Form MMS-2014.

13. Enter the same product code as reported on Form MMS-2014.

14. Enter the same sales type code reported on Form MMS-2014.

15. For MMS use only.

16. For MMS use only.