

**DEPARTMENT OF THE INTERIOR**

**Minerals Management Service**

[Docket No. MMS-2009-MRM-0017]

**States' Decisions on Participating in Accounting and Auditing Relief for Federal Oil and Gas Marginal Properties**

**AGENCY:** Minerals Management Service, Interior.

**ACTION:** Notice of States' decisions to participate or not participate in accounting and auditing relief for Federal oil and gas marginal properties located within the States' boundaries for calendar year 2010.

**SUMMARY:** The Minerals Management Service (MMS) published final regulations on September 13, 2004 (69 FR 55076), codified at sections 204.200 through 204.215 of title 30 of the *Code of Federal Regulations* (CFR), to provide two types of accounting and auditing relief for Federal onshore or Outer Continental Shelf lease production from marginal properties. These regulations require MMS to publish in the **Federal Register** the decisions of the States

concerned to allow or not allow one or both forms of relief allowed by the regulations. As required by the regulations, MMS provided States receiving a portion of the Federal royalties with a list of qualifying marginal Federal oil and gas properties located in the States so that each affected State could decide whether to participate in one or both relief options. For calendar year 2010, this notice provides the decisions by the States concerned to allow one or both types of relief.

**DATE:** Effective January 1, 2010.

**FOR FURTHER INFORMATION CONTACT:** Mary Williams, Manager, Western Audit & Compliance Management, telephone (303) 231-3403, FAX (303) 231-3744, e-mail to [mary.williams@mms.gov](mailto:mary.williams@mms.gov), or mail to P.O. Box 25165, MS 62200B, Denver Federal Center, Denver, Colorado 80225-0165.

**SUPPLEMENTARY INFORMATION:** The regulations implement certain provisions of section 7 of the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (30 U.S.C. 1726) and provide two options for relief: (1) Notification-based relief for annual reporting, and (2) other requested relief,

as proposed by industry and approved by MMS and the State concerned. The regulations require that MMS publish a list of the States and their decisions regarding marginal property relief by December 1 of each year.

To qualify for the first relief option (notification-based relief) for calendar year 2010, properties must have produced less than 1,000 barrels-of-oil-equivalent (BOE) per year for the base period (July 1, 2008, through June 30, 2009). Annual reporting relief will begin January 1, 2010, with the annual report and payment due February 28, 2011; or March 31, 2011, if you have an estimated payment on file. To qualify for the second relief option (other requested relief), the combined equivalent production of the marginal properties during the base period must equal an average daily well production of less than 15 BOE per well per day calculated under 30 CFR 204.4(c).

The following table shows the States that have marginal properties, where a portion of the royalties are shared between the State and MMS, and the States' decisions to allow one or both forms of relief.

State	Notification-based relief (less than 1,000 BOE per year)	Request-based relief (less than 15 BOE per well per day)
Alabama .....	No .....	No.
California .....	No .....	No.
Colorado .....	No .....	No.
Kansas .....	No .....	No.
Louisiana .....	Yes .....	Yes.
Michigan .....	Yes .....	Yes.
Mississippi .....	No .....	No.
Montana .....	No .....	No.
Nebraska .....	No .....	No.
Nevada .....	Yes .....	Yes.
New Mexico .....	No .....	Yes.
North Dakota .....	Yes .....	Yes.
Oklahoma .....	No .....	No.
South Dakota .....	Yes .....	No.
Texas .....	No .....	No.
Utah .....	No .....	No.
Wyoming .....	Yes .....	No.

Federal oil and gas properties located in all other States, where a portion of the royalties is not shared with the State, are eligible for relief if they qualify as marginal under this rule. The MMS believes this covers any exceptions under section 117(c) of RSFA. For information on how to obtain relief, please refer to the rule, which you can view on our MMS Web site at [http://www.mrm.mms.gov/Laws\\_R\\_D/FRNotices/AC30.htm](http://www.mrm.mms.gov/Laws_R_D/FRNotices/AC30.htm).

Unless the information received is proprietary data, all correspondence, records, or information that we receive

in response to this notice may be subject to disclosure under the Freedom of Information Act (5 U.S.C. 552 *et seq.*) (FOIA). If applicable, please highlight the proprietary portions, including any supporting documentation, or mark the page(s) that contain proprietary data. Proprietary information is protected by the Trade Secrets Act (18 U.S.C. 1905); FOIA, Exemption 4; and Department regulations (43 CFR, part 2).

Dated: December 17, 2009.

**Gregory J. Gould,**

*Associate Director for Minerals Revenue Management.*

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