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NEWS RELEASE

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MMS Announces Negotiated Rulemaking Committee

Panel to Recommend Revisions to Indian Oil Valuation Rule

DENVER – The Department of the Interior’s Minerals Management Service (MMS) today published in the **Federal Register** its intent to establish an Indian Oil Valuation Negotiated Rulemaking Committee to develop recommendations on proposed revisions to the existing rule for valuation of oil produced from American Indian leases.

The committee, in compliance with the Federal Advisory Committee Act, will include representatives from the Federal government, American Indian Tribes, individual Indian mineral owners, and the oil and gas industry. The Federal Register Notice can be accessed via the web at: www.mrm.mms.gov

“MMS originally announced its intent to establish a negotiated Rulemaking Committee in December 2007 when it published technical corrections to the March 1988 Oil Valuation Rule,” said MMS Director Randall Luthi. “Those technical corrections and the pending recommendations of the negotiated rulemaking committee will bring added certainty to the valuation of oil produced from American Indian lands, and help ensure American Indians receive the proper royalties.”

In particular, the committee will make recommendations to MMS regarding the oil major portion provision contained in most Indian tribal and allotted leases. Those leases define major portion as the highest price paid or offered at the time of production for the major portion of oil produced from the same field.

The current rule for valuation of oil production from Indian leases dates back to 1988, and many changes have occurred in the oil market since then. In February 2006, following a series of public meetings by MMS to consult with American Indian Tribes and individual Indian mineral owners, MMS published a proposed rule for public comment.

Because of the diversity of comments from Indian Tribes and industry to that proposed rule, MMS decided to make technical corrections to the current rule and to convene the negotiated rulemaking committee.

Once the committee reaches consensus on the major portion provision of the rule as well as other provisions that the committee may want to address, MMS will use that recommendation as the basis for an amendment to the Indian Oil Valuation Rule, which will also be published in the Federal Register.

MMS is requesting interested parties to nominate representatives for membership on the committee. Those wishing to nominate representatives for membership should forward those nominations to: Hyla Hurst, Regulatory Specialist
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