

**UNITED STATES DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE**

NTL No. 2010-N03

Effective Date: March 25, 2010

Expiration Date: March 25, 2015

**NOTICE TO LESSEES AND OPERATORS OF FEDERAL OIL AND GAS LEASES
IN THE OUTER CONTINENTAL SHELF**

Guidelines for Royalty Relief Under 30 CFR Part 203

This Notice to Lessees and Operators (NTL) provides guidelines that apply to the revised regulations for pre-production or expansion project royalty relief which we published in the Federal Register on November 18, 2008 (73 FR 69490) and supersedes NTL 2002-N02. Due to the new regulations, Appendix I which pertains to the existing royalty relief application and evaluation procedure used for certain deepwater leases in the Gulf of Mexico, now applies to leases offshore Alaska as well.

Under 30 CFR Part 203, certain lessees may apply to MMS for a suspension of royalty payments or a reduced royalty rate by submitting a complete application. We describe the specific data elements, parameters, reports and computer model or spreadsheets required in a complete application in two separate Appendices to this NTL. They also explain the procedures we will follow for evaluating applications and implementing royalty relief. These appendices are:

Appendix I: GUIDELINES FOR THE APPLICATION, REVIEW, APPROVAL, AND ADMINISTRATION OF THE ROYALTY RELIEF FOR DEVELOPMENT AND EXPANSION PROJECTS, September 2009 and

Appendix II: GUIDELINES FOR THE APPLICATION, REVIEW, APPROVAL, AND ADMINISTRATION OF ROYALTY RELIEF FOR END-OF-LIFE LEASES, September 2009.

These Appendices originally helped implement the section of the Deep Water Royalty Relief Act that applied to certain leases issued before 1996. Subsequent amendments to the regulations use this original application and evaluation process for other lease groups as well. The basic process described in these original guidelines remains the same, even if they may not always reflect this expanded program focus.

You should carefully review a copy of the appropriate guidelines if you intend to request royalty relief. They will help you structure your application to expedite our evaluation.

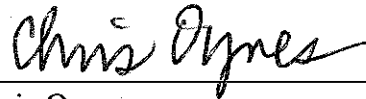
You can download the guidelines from the MMS website. They, along with the computer model or spreadsheet that you will need to prepare an application, are available at <http://www.mms.gov/econ/econROYDW.htm> under the subheadings for Case-by-Case Relief and RSVP for an application for royalty relief in deepwater or offshore Alaska or at <http://www.mms.gov/ntls/> for an End-of-Life application.

If you have any questions on this NTL, you may contact Marshall Rose (703) 787-1538.

Paperwork Reduction Act of 1995 Statement: This NTL and its guidelines provide clarification, description, or interpretation of requirements contained in 30 CFR Part 203. The Office of Management and Budget has approved the collection of information required by these regulations and assigned OMB Control Number 1010-0071. This NTL and its guidelines do not impose additional information collection requirements that would be subject to the Paperwork Reduction Act of 1995.

Dated:

MAR 25 2010



Chris Oynes
Associate Director for
Offshore Energy and Minerals Management

Attachments:

Appendix I

Appendix II

**UNITED STATES DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE**

Appendix I to NTL No. 2010-N02

**GUIDELINES FOR THE APPLICATION,
REVIEW, APPROVAL, AND ADMINISTRATION OF
THE ROYALTY RELIEF FOR DEVELOPMENT AND
EXPANSION PROJECTS**

September 2009

**UNITED STATES DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE**

Appendix II to NTL No. 2010-N02

**GUIDELINES FOR THE APPLICATION,
REVIEW, APPROVAL, AND ADMINISTRATION OF
ROYALTY RELIEF FOR END-OF-LIFE LEASES**

September 2009