



United States Department of the Interior

MINERALS MANAGEMENT SERVICE
Minerals Revenue Management
P.O. Box 17110
Denver, Colorado 80217-0110
www.mrm.mms.gov



APR 15 2010

Dear Reporter:

The purpose of this letter is to provide you guidance in modifying your Oil and Gas Operations Report (OGOR) for leases located in the Gulf of Mexico deep water and issued between November 28, 1995, and November 28, 2000 (Leases). A "Dear Reporter" letter dated November 6, 2009, from the Minerals Management Service, informed you of the United States Supreme Court decision in favor of Anadarko Petroleum (successor-in-interest to Kerr-McGee Oil & Gas Corporation) involving royalty relief on deep water leases in the Gulf of Mexico. (See <http://www.mrm.mms.gov/DearRep.htm>.) As a result of that decision you may need to modify your previous OGOR reports.

If you reported production for the affected offshore Leases to the Minerals Management Service, you will need to modify your OGORs as instructed below:

- Submit Modify or Replace OGORs for the Leases for January, 2003 to current Production Months.
- Report the royalty relief volumes on OGOR – Part B using Disposition Code 09, "Sales – Not Subject to Royalty – MEASURED." See the Minerals Production Reporter Handbook, Appendix I, Page I-4 and Example No. 5-14, page 5-67.

Once the volume threshold is exceeded for your Lease, you must then begin reporting Disposition Code 01, "Sales – Subject to Royalty – MEASURED" or Disposition Code 11, "Transferred to Facility."

Please contact your Production Accounting and Verification Services company contact if you have questions regarding submitting the modify/replace OGORs. Your company contact can be found at <http://www.mrm.mms.gov/RptContact/RMPAnalyst.htm> or you may call 1-800-525-7922 for assistance.

Sincerely,

Louise Williams
Manager, Production Accounting
and Verification Services
Financial Management