



United States Department of the Interior

MINERALS MANAGEMENT SERVICE
ROYALTY MANAGEMENT PROGRAM
P.O. BOX 25165
DENVER, COLORADO 80225

IN REPLY
REFER TO

MMS/RVS, MS-653

Feb 29, 1988
FEB 2 1988

Dear Payor/Operator:

The Notice to Lessees Numbered 5 Gas Royalty Act of 1987 (Act), Public Law 100-234, was signed by the President of the United States on January 6, 1988. The Act applies to the valuation of natural gas produced from onshore Federal and Indian oil and gas leases during the period January 1, 1982, through July 31, 1986. This gas was, prior to the Act, required to be valued under Sections I.A.2., II.A.2., and VI of "Notice to Lessees and Operators of Federal and Indian Onshore Oil and Gas Leases Number 5" (NTL-5). The value of natural gas during that period will be determined consistent with the lease terms and the regulations codified at 30 CFR Part 206 and 25 CFR Parts 211 and 212 in effect at the time of production, rather than under the original provisions of NTL-5.

The Act requires the Minerals Management Service (MMS) to inform lessees and royalty payors of the provisions of the Act, and to describe the procedures to collect underpayment or issue refunds, by publication in the Federal Register and by direct notice to all royalty payors of record. (See the enclosed Federal Register Notice for other provisions of the Act.)

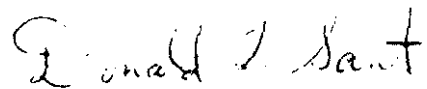
The MMS published a Notice in the Federal Register on February 25, 1988 (53 F.R. 5654), to provide information to lessees and royalty payors about the provisions of the Act and the procedures MMS will use to value natural gas and to collect underpayment and to process refunds under the Act. The purpose of this letter is to provide direct notification of the provisions of the Act by providing a copy of the Federal Register Notice.

As stated in the Notice, all requests for refunds, under the Act should be submitted in writing, with supporting documentation, by December 31, 1988, to:

Chief, Royalty Compliance Division
Royalty Management Program
Minerals Management Service
P.O. Box 25165, MS 655
Denver, Colorado 80225

If additional information is desired regarding the Act, please contact the Royalty Compliance Division, (303) 236-1100, or the Royalty Valuation and Standards Division, (303) 231-3392.

Sincerely,

A handwritten signature in black ink that reads "Donald T. Sant". The signature is written in a cursive style with a large initial "D".

Donald T. Sant
Deputy Associate Director for
Valuation and Audit

Enclosure