

United States Department of the

MINERALS MANAGEMENT SERVICE Royalty Management Program - PAD P.O. Box 17110, MS-3300 Denver, Colorado 80217-0110



PAD/RCB Mail Stop 3310

AUG 20 1992

Dear Operator:

The Bureau of Land Management (BLM) has amended regulations at 43 CFR Part 3100. These amended regulations provide oil and gas lessees with a mechanism for obtaining a reduction in the royalty rate for stripper well oil properties.

The amended regulations require that operators wishing to avail themselves of the potential royalty rate reduction file a Form MMS-4377, Stripper Royalty Rate Reduction Notification. The Notification should be filed with the Minerals Management Service (MMS) as soon as practicable. Please mail the Notification to the following address:

Minerals Management Service Royalty Management Program P.O. Box 17110, MS-3310 Denver, Colorado 80217

The regulations provide instructions and examples concerning the calculation of a reduced royalty rate. If a property qualifies for a reduced rate, the new rate will become effective the first day of the month after the Notification is received by the MMS, but no earlier than October 1992 sales or production period. The operator bears the responsibility of notifying <u>all</u> royalty payors of the new qualifying rate and the effective dates.

Data submitted on the Form MMS-3160 (3160) will be used by MMS to verify the qualifying royalty rate for the applicable production period as specified in the regulations. MMS will resolve differences, if any, between the reduced royalty rates submitted by the operator and calculated from 3160 data. Appeal rights to a final reduced royalty rate determination are at 43 CFR 3165.3(b).

To assist you during this process, eight informational sessions have been scheduled in various locations. The purpose of these sessions is to answer any questions or concerns you may have pertaining to this program. Additionally, we will be prepared to accept Notifications at each session. If you desire to attend any of the sessions, please contact us at one of the telephone numbers listed below.

Attached you will find a copy of the amended regulation, a Form MMS-4377, and a schedule of planned informational sessions. Any questions concerning this should be directed to the Reporter Contact Branch at (800) 525-7922 or (303) 231-3684.

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Chief, Reporter Contact Branch

3 Enclosures

STRIPPER ROYALTY RATE REDUCTION NOTIFICATION

NOTE: Reduced Royalty Rate is not effective until the month after this notification is received by the Minerals Management Service. See 43 CFR Part 3100 for complete instructions.

OPERATOR NAME:			DATE SUBMITTED		
OPERATOR NUMB					
PERSON TO CONT	АСТ				
			AREA CODE		EXTEN.
LEASE NUMBER(S)	AGREEMENT NUMBER \1	QUALIFYING OR CURRENT PERIOD \2	QUALIFYING ROYALTY RATE	CURRENT ROYALTY RATE \3	EFFECTIVE DATES

NOTE: THIS NOTIFICATION MUST BE SUBMITTED TO MMS AND ALL PAYORS ON THE LEASES.

\1 Include agreement number for any lease located in an agreement. All leases in the agreement must be listed separately.

\2 Initial qualifying period August 1,1990, through July 31, 1991, or current period. If the property does not initially qualify, subsequent qualifying period would be the latest 12-month period before the property qualifies (i.e., a 12-month rolling average).

\3 Current period royalty rate must be compared to qualifying period royalty rate and the lower of the two rates will be the royalty rate for the subsequent year, when notification is received by MMS.

norting burden for this form is estimated to average 5 hour per property, including the time for reviewing instructions, searching existing data sources, gathering and maintaining data, a sing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form including suggestions for reducing this burden to the information Clasmine Officer, Mail Stop 2300, Minerals Management Service, 381 Elden Street, Herndon, Va. 22070; and the Office of Information and Regulatory Atfairs, Office of Management and , Repervork Reduction Project (1010), Washington, DC 20603.

WARNING: This is to inform you that failure to report accurately and timely in accordance with the statutes, regulations, or terms of the lease, permit, or contract may result in late payment charges, civil penaltias, or liquidated damages being assessed without further notification. Intentional false or inaccurate reporting is subject to criminal prosecution in accordance with applicable Federal lew(s).