



IN REPLY REFER TO:

United States Department of the Interior

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 all 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.


Michael A. Miller
Chief, Reporter Contact Branch

3 Enclosures

