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June 12, 2002

Via Facsimile (with additional copy by regular mail)Ms. Wanda Bancroft
Minerals Management Service
Royalty Management Program
Post Office Box 25165
Mail Stop 3062
Denver, Colorado 80225-0165

Re: Freedom of Information Act Request

Dear Ms. Summerton:

This is a request for information pursuant to the Freedom of Information Act ("FOIA"), 5 U.S.C. § 552, and the Department of the Interior's implementing regulations under FOIA, 43 C.F.R. Pt. 2 (2001).

The documents we are seeking are:

any and all Minerals Management Service ("MMS") documents issued including, but not limited to, policy papers, internal guidance to auditors, and royalty value determination letters, which interpret, apply, revise, amend, or are similarly related to the May 20, 1999, memorandum from the Associate Director for Royalty Management Lucy Querques Denett to the RMP Audit Managers and the Chief, Royalty Valuation Division, regarding "Guidance for Determining Transportation Allowances for Production from Leases in Water Depths Greater Than 200 Meters." ("Deepwater Transportation Allowance Guidance") (Attachment 1.)

Although seeking all MMS documents, we are particularly interested in any documents circulated within the Offshore Compliance and Asset Management Division, which I understand is the successor division for offshore matters to the Valuation and Standards Division.

This letter also constitutes our request that you exercise your discretion to release any documents which may be exempt under FOIA. In the event you decide to exercise your discretion

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not to disclose any such exempt material, we request that you provide us with a description of the withheld material pursuant to 5 U.S.C. § 552(b).

You may take this letter as our agreement to pay any lawful costs you incur in responding to this request, up to a maximum of \$250.00. For purposes of fees, we are in the category of "Commercial." Please contact me by telephone before incurring costs in excess of this amount. Additionally, I request that you provide any response in hard copy format.

If you have any questions regarding this request, please do not hesitate to contact me by phone, email, or facsimile, whichever is most convenient for you. I would welcome the opportunity to review the content of this request with you or anyone else within the agency to assist in responding to the request in a manner that is efficient and minimizes unnecessary burdens. Thank you in advance for your assistance in this matter.

Very truly yours,



Dimitri Lee Seletzky

Enclosure
DLS:dlh



United States Department of the Interior

MINERALS MANAGEMENT SERVICE
Washington, D.C. 20240

MAY 20 1999

Memorandum

To: RMP Audit Managers
Chief, Royalty Valuation Division

From: Associate Director for Royalty Management

Lucy Burgess

Subject: Guidance For Determining Transportation Allowances for Production from Leases in Water Depths Greater Than 200 Meters

The following guidance is provided to assist you in determining the proper transportation allowances for movement of production from leases in water depths greater than 200 meters. This guidance was agreed to by the Minerals Management Service's Quality Council at its monthly meeting on March 26, 1999. Please disseminate this information as appropriate.

Guidance

Production from a lease, any part of which, lies in water deeper than 200 meters may qualify for a transportation allowance. The following guidelines also apply:

- The transportation allowance must be determined in accordance with the current regulations.
- The costs of movement must be allocated between the royalty bearing and non-royalty bearing substances.
- Movement prior to a central accumulation point is considered gathering. A central accumulation point may be a single well, a subsea manifold, the last well in a group of wells connected in series, or a platform extending above the surface of the water. Movement beyond this point is considered transportation.
- Leases and units are treated similarly.
- To qualify for a transportation allowance, the movement must be to a facility that is not located on a lease adjacent to the lease on which the production originates. An adjacent lease is defined as any lease with at least one point of contact with the producing lease/unit. Typically, for a single lease, there would be eight leases adjacent to the qualifying deep-water lease.
- Allowances for subsea completions not located in water deeper than 200 meters may still be considered on a case-by-case basis.

Application

Apply this guidance prospectively. Any previously received requests for guidance should be reviewed. If the above criteria are met, and the previously issued decision conflicts with this guidance the company must be notified.

Questions concerning the applicability of this guidance to specific situations should be referred to the Royalty Valuation Division (RVD). Additionally, requests for determinations on a case-by-case basis should be referred to RVD.