

## Barton, Jayne

---

**From:** Johnson, Ralph  
**Sent:** Thursday, November 06, 2003 11:18 AM  
**To:** Williams, Mary  
**Cc:** Bartram, Connie; Burhop, Shirley; Kirumakki, Nagaraja  
**Subject:** RE: Volunteer to assist with developing training/guidance based on the Fina decision

Mary,

Raj Kirumakki will be the participant from our group.

I request that another person from our group, Sara Teel, participate as well. She is a graduate student in Mineral Economics at the Colorado School of Mines, and we are looking at developing her knowledge of valuation. Sara has done work for Indian CAM that has been well-received by Shawna Hopkins and her management.

Please let me know if that is ok with you.

Thanks,

Ralph Johnson  
303-231-3666

-----Original Message-----

**From:** Williams, Mary  
**Sent:** Friday, October 31, 2003 1:21 PM  
**To:** Johnson, Ralph  
**Cc:** Bartram, Connie; Burhop, Shirley  
**Subject:** RE: Volunteer to assist with developing training/guidance based on the Fina decision

This will probably be a high priority for STRAC. We are sending STRAC a message on Fina and asking for volunteers so we should know next week as well who volunteers.

Mary Williams  
Manager, Onshore Federal Compliance  
Onshore Compliance  
(303) 231-3403  
(303) 231-3700 (fax)

-----Original Message-----

**From:** Johnson, Ralph  
**Sent:** Friday, October 31, 2003 12:37 PM  
**To:** Williams, Mary  
**Cc:** Bartram, Connie; Burhop, Shirley  
**Subject:** RE: Volunteer to assist with developing training/guidance based on the Fina decision

Mary,

Depending on who "volunteers", this will have the impact of pushing something else back that STRAC wants. Jay Norman is not back until next week. I would like to explore STRAC priorities prior to deciding a "volunteer".

Ralph

-----Original Message-----

**From:** Williams, Mary  
**Sent:** Friday, October 31, 2003 12:23 PM  
**To:** Johnson, Ralph  
**Cc:** Bartram, Connie; Burhop, Shirley  
**Subject:** Volunteer to assist with developing training/guidance based on the Fina decision

We are forming a team of ONCAM folks with State/Tribal representatives that will develop some guidance/training on the impacts of the Fina decision, applying the benchmarks, etc. We hope to have someone from your group participate and have the training materials developed by the end of the year with training scheduled in the 1st quarter of Calendar year 04. Can you let Shirley and I know of your "volunteer"? Shirley is taking the lead.

Thanks.

Mary Williams  
Manager, Onshore Federal Compliance  
Onshore Compliance  
(303) 231-3403  
(303).231-3700 (fax)

## Barton, Jayne

---

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**Sent:** Thursday, November 06, 2003 11:34 AM  
**To:** Johnson, Ralph  
**Cc:** Bartram, Connie; Burhop, Shirley; Kirumakki, Nagaraja  
**Subject:** RE: Volunteer to assist with developing training/guidance based on the Fina decision

Thanks Ralph - we will take all the volunteers we can get.

Mary Williams  
Manager, Onshore Federal Compliance  
Onshore Compliance  
(303) 231-3403  
(303) 231-3700 (fax)

-----Original Message-----

**From:** Johnson, Ralph  
**Sent:** Thursday, November 06, 2003 11:18 AM  
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Onshore Compliance  
(303) 231-3403  
(303) 231-3700 (fax)

## Gibbs Tschudy, Deborah

---

**From:** Gibbs Tschudy, Deborah  
**Sent:** Friday, November 07, 2003 10:51 AM  
**To:** Gibbs Tschudy, Deborah; Williams, Mary; Burhop, Shirley  
**Subject:** RE: Fina decision

I just got off of the phone with Geoff. We agreed to the changes below. I will send this version to STRAC.

He's looking at his calendar and will get back to us about his availability in December to come out and work with us on the final Federal oil rule.

-----Original Message-----

**From:** Gibbs Tschudy, Deborah  
**Sent:** Monday, November 03, 2003 4:00 PM  
**To:** Williams, Mary; Burhop, Shirley  
**Subject:** RE: Fina decision

Looks good. I think we also developed guidance for affiliate sales of coal around the same time frame. Please reference that in this email as well.

Please run this by Geoff before we send it to STRAC. Howard told me today that Geoff is out of the office until Thursday.

Thank you for working on this.

-----Original Message-----

**From:** Williams, Mary  
**Sent:** Monday, November 03, 2003 1:30 PM  
**To:** Gibbs Tschudy, Deborah; Burhop, Shirley  
**Subject:** FW: Fina decision

Hopefully, this will suffice for now. Please make any comments. Will forward or Debbie you can send if you want.

Mary Williams  
Manager, Onshore Federal Compliance  
Onshore Compliance  
(303) 231-3403  
(303) 231-3700 (fax)

The D.C. Circuit's decision in *Fina Oil and Chemical Corp. vs. Norton*, 332 F.3d 672 (D.C. Cir. 2003), has not been appealed to the Supreme Court and is final.

This affects how MMS and State and Tribal delegated audit staffs apply the current valuation regulations in their audits. We will have to apply the benchmarks to inter-affiliate transactions for Federal gas; Federal oil, prior to the effective date of the new oil regulations in June 2000; Indian oil; Indian gas, prior to the effective date of the new Indian gas regulations in January 2000; and coal (ad valorem). Under the *Fina* decision, for those affected rules we may not look to a wholly-owned affiliate's arm's-length resale proceeds as the measure of the lessee's "gross proceeds" under the current rules.

We are committed to developing additional guidance and training on application of the benchmarks and are requesting assistance from STRAC in this effort. The MMS lead is Shirley Burhop. Our goal is to develop the guidance and training materials by December 31, 2003, with training beginning in 2004. Please contact Shirley with your designated representatives as soon as possible.

## Barton, Jayne

---

**From:** Burhop, Shirley  
**Sent:** Friday, November 07, 2003 5:01 PM  
**To:** Johnson, Brian C; Kepler, Glenn; Kirumakki, Nagaraja; Teel, Sara  
**Cc:** Williams, Mary  
**Subject:** Background - Fina training

**Attachments:** Prior training materials.max; Gas Valuation Guidance.max; Fina decision.pdf; Fina\_email.rtf

I'm not sure if you all know it or not, but you have been assigned to work with me to develop training on the impacts of the Fina decision. We will also have some state and Tribal representation, but the request for that only went out today, so I haven't heard who their volunteers might be yet. Nevertheless, I am sending you some information that will be useful as we begin this project.



Prior training  
materials.max (...



Gas Valuation  
Guidance.max (24...



Fina decision.pdf  
(64 KB)



Fina\_email.rtf (6 KB)

Attached are:

1. A copy of the decision
2. Some policy guidance and previous training materials regarding valuation of gas sold to affiliates
3. Debbie Gibbs Tschudy's recent email announcing the impact of this decision and the beginning of this project to the states and tribes.

I will let you know when we hear from the states and tribes and we can begin work. Our deadline to develop the training is December 31.

**Tracking:**

Recipient	Read
Johnson, Brian C	Read: 11/10/2003 1:02 PM
Kepler, Glenn	Read: 11/10/2003 7:10 AM
Kirumakki, Nagaraja	Read: 11/12/2003 6:44 AM
Teel, Sara	Read: 11/10/2003 7:37 AM
Williams, Mary	Read: 11/10/2003 8:57 AM

## Gibbs Tschudy, Deborah

---

**From:** Soderlind, Ellwood  
**Sent:** Monday, November 10, 2003 12:55 PM  
**To:** Gibbs Tschudy, Deborah; Miller, Scott; Darouse, David; joanier@crowns.net; Shirley, Perry; Weekly, Derek; Anderson, Karen; Brown, Stacy; Charlton, Van; Dilsaver, Steve; Druse, Todd; Fisher, Terence; Goss, Inge-Lise; Hudson, Mark; Husta, Bill; Loomis, F David; Lougee, Jack; McClain, Jerry; Miller, Scott; Norman, Jay; Rodriguez, Nancy; Severson, Valdean; Soderlind, Ellwood; St. Goddard, Harold; Staigle, George  
**Cc:** Querques Denett, Lucy; Hamilton, Cathy; Leneau, Todd; Johnson, Ralph; Williams, Mary; Green, Carol L; Guzy, David; Davidoff, Robert; Richards, Ethel; Courtney, Janet; Barder, John; Kimball, Lonnie; Tyler, Paul; Burhop, Shirley; Stockbridge, James; Bayani, Theresa Walsh  
**Subject:** RE: Fina Decision

Debbie and Shirley:

Wyoming would like to be involved in developing the training materials and guidance.

I will be the representative.

Thank you.

Ellwood

-----Original Message-----

**From:** Deborah.Gibbs.Tschudy@mms.gov  
[mailto:Deborah.Gibbs.Tschudy@mms.gov]  
**Sent:** Friday, November 07, 2003 1:58 PM  
**To:** ScottM@dnr.state.la.us; davidd@dnr.state.la.us;  
joanier@crowns.net; pshirley@frontiernet.net;  
dweekly@wyaudit.state.wy.us; kanderso@southern-ute.nsn.us;  
sbrown@blackfeetnation.com; vcharlton@state.mt.us;  
sdilsaver@wyaudit.state.wy.us; tdruse@utemountain.org;  
tfisher@washakie.net; igoss@utah.gov; Mark.Hudson@mms.gov;  
bill.husta@glo.state.tx.us; dloomis@spike.dor.state.co.us;  
JLougee@state.nm.us; jmccclain@sco.ca.gov; Scottm@dnr.state.la.us;  
JNorman@state.nm.us; nrodriguez@state.nm.us; VSeverson@state.nm.us;  
esoderlind@wyaudit.state.wy.us; haroldg@utetribes.com;  
georgestaigle.mms@midconetwork.com  
**Cc:** Lucy.Querques.Denett@mms.gov; Cathy.Hamilton@mms.gov;  
Todd.Leneau@mms.gov; Ralph.Johnson@mms.gov; Mary.Williams@mms.gov;  
Carol.L.Green@mms.gov; David.Guzy@mms.gov; Robert.Davidoff@mms.gov;  
Ethel.Richards@mms.gov; Janet.Courtney@mms.gov; John.Barder@mms.gov;  
Lonnie.Kimball@mms.gov; Paul.Tyler@mms.gov; Shirley.Burhop@mms.gov;  
James.Stockbridge@mms.gov; Theresa.Bayani@mms.gov  
**Subject:** Fina Decision

Hi Everyone,

The D.C. Circuit's decision in Fina Oil and Chemical Corp. vs. Norton, 332 F.3d 672 (D.C. Cir. 2003), has not been appealed to the Supreme Court and is final.

This affects how MMS and State and Tribal delegated audit staffs apply the current valuation regulations in their audits. We will have to apply the benchmarks to inter-affiliate transactions for Federal gas; Federal oil prior to the effective date of the new oil regulations in June 2000; Indian oil; Indian gas prior to the effective date of the new

Indian gas regulations in January 2000; and coal. Under the Fina decision, for those affected rules we may not look to a wholly-owned affiliate's arm's-length resale proceeds as the measure of the lessee's "gross proceeds" under the current rules.

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Deborah Gibbs Tschudy  
Assistant Program Director for Onshore Compliance  
Phone: (303) 231-3301  
Fax: (303) 231-3722

## Barton, Jayne

---

From: Fisher, Terence  
Sent: Monday, November 10, 2003 10:04 AM  
To: Burhop, Shirley  
Cc: St. Goddard, Harold; Goss, Inge-Lise  
Subject: Fw: Fina Decision

Importance: High

Shirley, I will be contact and lead for Shoshone and Arapáho. I, as a STRAC member, not officer, recommend that at a minimum the STRAC officers and MMS representative teleconference (meet) on this prior to the STRAC meeting Dec 10-12 so the issues can be identified and carried forward to be discussed by the entire STRAC body. The proposed methodology (guidance) will be used by most, if not all, 202/205 contracts to develop their audit valuation strategies. Given the magnitude of the potential impact on audits and the need to involve STRAC, I am not sure a December 31, 03 deadline is feasible. Issue identification, discussion and proactive planning/rule making will be key to the process, not speed. Terry

----- Original Message -----

From: <Deborah.Gibbs.Tschudy@mms.gov>  
To: <ScottM@dnr.state.la.us>; <davidd@dnr.state.la.us>;  
<joanier@crownsations.net>; <pshirley@frontiernet.net>;  
<dweekly@wyaudit.state.wy.us>; <kanderso@southern-ute.nsn.us>;  
<sbrown@blackfeetnation.com>; <vcharlton@state.mt.us>;  
<sdilsaver@wyaudit.state.wy.us>; <tdruse@utemountain.org>;  
<tfisher@washakie.net>; <igoss@utah.gov>; <Mark.Hudson@mms.gov>;  
<bill.husta@glo.state.tx.us>; <dloomis@spike.dor.state.co.us>;  
<JLougee@state.nm.us>; <jmcclain@sco.ca.gov>; <Scottm@dnr.state.la.us>;  
<JNorman@state.nm.us>; <nrodriguez@state.nm.us>; <VSeverson@state.nm.us>;  
<esoderlind@wyaudit.state.wy.us>; <haroldg@utetribe.com>;  
<georgestaigle.mms@midconetwork.com>  
Cc: <Lucy.Querques.Denett@mms.gov>; <Cathy.Hamilton@mms.gov>;  
<Todd.Leneau@mms.gov>; <Ralph.Johnson@mms.gov>; <Mary.Williams@mms.gov>;  
<Carol.L.Green@mms.gov>; <David.Guzy@mms.gov>; <Robert.Davidoff@mms.gov>;  
<Ethel.Richards@mms.gov>; <Janet.Courtney@mms.gov>; <John.Barder@mms.gov>;  
<Lonnie.Kimball@mms.gov>; <Paul.Tyler@mms.gov>; <Shirley.Burhop@mms.gov>;  
<James.Stockbridge@mms.gov>; <Theresa.Bayani@mms.gov>  
Sent: Friday, November 07, 2003 1:58 PM  
Subject: Fina Decision

> Hi Everyone,

>

> The D.C. Circuit's decision in Fina Oil and Chemical Corp.  
> vs. Norton, 332 F.3d 672 (D.C. Cir. 2003), has not been appealed to the  
> Supreme Court and is final.

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> representatives as soon as possible. Thank you.

>  
>  
>  
> Deborah Gibbs Tschudy  
> Assistant Program Director for Onshore Compliance  
> Phone: (303) 231-3301  
> Fax: (303) 231-3722

**Barton, Jayne**

---

**From:** Burhop, Shirley  
**Sent:** Wednesday, November 12, 2003 10:59 AM  
**To:** Lougee, Jack  
**Subject:** Fina decision

Who is your nominee to participate in development of training and guidance? Do you have a name yet?

**Barton, Jayne**

---

**From:** Burhop, Shirley  
**Sent:** Wednesday, November 12, 2003 10:59 AM  
**To:** Loomis, F David  
**Subject:** RE: Fina Decision

Do you know who your rep will be?

-----Original Message-----

**From:** Loomis, F David  
**Sent:** Wednesday, November 12, 2003 10:40 AM  
**To:** Soderlind, Ellwood; Gibbs Tschudy, Deborah; Miller, Scott; Darouse, David; joanier@crownsations.net; Shirley, Perry; Weekly, Derek; Anderson, Karen; Brown, Stacy; Charlton, Van; Dilsaver, Steve; Druse, Todd; Fisher, Terence; Goss, Inge-Lise; Hudson, Mark; Husta, Bill; Loomis, F David; Lougee, Jack; McClain, Jerry; Miller, Scott; Norman, Jay; Rodriguez, Nancy; Severson, Valdean; St. Goddard, Harold; Staigle, George  
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**Subject:** RE: Fina Decision

Colorado would like to be involved with the development of guidance and training materials. Please contact me at:

F. David Loomis  
Mineral Audit Section  
Colorado Department of Revenue  
400 South Colorado Blvd, Suite 400  
Denver, CO 80246  
303-355-0400

-----Original Message-----

**From:** Ellwood Soderlind [mailto:ESoderlind@wyaudit.state.wy.us]  
**Sent:** Monday, November 10, 2003 12:55 PM  
**To:** Deborah.Gibbs.Tschudy; ScottM@dnr.state.la.us; davidd@dnr.state.la.us; joanier@crownsations.net; pshirley@frontiernet.net; Derek Weekly; kanderso@southern-ute.nsn.us; sbrown@blackfeetnation.com; vcharlton@state.mt.us; Steve Dilsaver; tdruse@utemountain.org; tfisher@washakie.net; igoss@utah.gov; Mark.Hudson; bill.husta@glo.state.tx.us; dloomis@spike.dor.state.co.us; JLougee@state.nm.us; jmccclain@sco.ca.gov; Scottm@dnr.state.la.us; JNorman@state.nm.us; nrodriguez@state.nm.us; VSeverson@state.nm.us; Ellwood Soderlind; haroldg@utetribe.com; georgestaigle.mms@midconetwork.com  
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sbrown@blackfeetnation.com; vcharlton@state.mt.us;  
sdilsaver@wyaudit.state.wy.us; tdruse@utemountain.org;  
tfisher@washakie.net; igoss@utah.gov; Mark.Hudson@mms.gov;  
bill.husta@glo.state.tx.us; dloomis@spike.dor.state.co.us;  
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Fax: (303) 231-3722

## Barton, Jayne

**From:** Loomis, F David  
**Sent:** Wednesday, November 12, 2003 10:59 AM  
**To:** Burhop, Shirley  
**Cc:** Summers, Dana  
**Subject:** RE: Fina Decision

It looks like I will be the representative.  
Thanks,  
Dave

-----Original Message-----

**From:** Shirley.Burhop@mms.gov [mailto:Shirley.Burhop@mms.gov]  
**Sent:** Wednesday, November 12, 2003 10:59 AM  
**To:** dloomis@spike.dor.state.co.us  
**Subject:** RE: Fina Decision

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**Cc:** Querques Denett, Lucy; Hamilton, Cathy; Leneau, Todd; Johnson, Ralph; Williams, Mary; Green, Carol L; Guzy, David; Davidoff, Robert; Richards, Ethel; Courtney, Janet; Barder, John; Kimball, Lonnie; Tyler, Paul; Burhop, Shirley; Stockbridge, James; Bayani, Theresa Walsh  
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[mailto:Deborah.Gibbs.Tschudy@mms.gov]  
Sent: Friday, November 07, 2003 1:58 PM  
To: ScottM@dnr.state.la.us; davidd@dhr.state.la.us;  
joanier@crownsolutions.net; pshirley@frontiernet.net;  
dweekly@wyaudit.state.wy.us; kanderso@southern-ute.nsn.us;  
sbrown@blackfeetnation.com; vcharlton@state.mt.us;  
sdilsaver@wyaudit.state.wy.us; tdruse@utemountain.org;  
tfisher@washakie.net; igoss@utah.gov; Mark.Hudson@mms.gov;  
bill.husta@glo.state.tx.us; dloomis@spike.dor.state.co.us;  
JLougee@state.nm.us; jmcclain@sco.ca.gov; Scottm@dnr.state.la.us;  
JNorman@state.nm.us; nrodriguez@state.nm.us; VSeverson@state.nm.us;  
esoderlind@wyaudit.state.wy.us; haroldg@utetribe.com;  
georgestaigle.mms@midconetwork.com  
Cc: Lucy.Querques.Denett@mms.gov; Cathy.Hamilton@mms.gov;  
Todd.Leneau@mms.gov; Ralph.Johnson@mms.gov; Mary.Williams@mms.gov;  
Carol.L.Green@mms.gov; David.Guzy@mms.gov; Robert.Davidoff@mms.gov;  
Ethel.Richards@mms.gov; Janet.Courtney@mms.gov; John.Barder@mms.gov;  
Lonnie.Kimball@mms.gov; Paul.Tyler@mms.gov; Shirley.Burhop@mms.gov;  
James.Stockbridge@mms.gov; Theresa.Bayani@mms.gov  
Subject: Fina Decision

Hi Everyone,

The D.C. Circuit's decision in Fina Oil and Chemical Corp. vs. Norton, 332 F.3d 672 (D.C. Cir. 2003), has not been appealed to the Supreme Court and is final.

This affects how MMS and State and Tribal delegated audit staffs apply the current valuation regulations in their audits. We will have to apply the benchmarks to inter-affiliate transactions for Federal gas; Federal oil prior to the effective date of the new oil regulations in June 2000; Indian oil; Indian gas prior to the effective date of the new Indian gas regulations in January 2000; and coal. Under the Fina decision, for those affected rules we may not look to a wholly-owned affiliate's arm's-length resale proceeds as the measure of the lessee's "gross proceeds" under the current rules.

We are developing additional guidance and training on application of the benchmarks and are requesting involvement from STRAC in this effort. The Onshore CAM lead is Shirley Burhop. Our goal is to develop the guidance and training materials by December 31, 2003, with training beginning in 2004. Please contact Shirley with your designated representatives as soon as possible. Thank you.

Deborah Gibbs Tschudy  
Assistant Program Director for Onshore Compliance

Phone: (303) 231-3301  
Fax: (303) 231-3722

## Barton, Jayne

---

**From:** Williams, Mary  
**Sent:** Wednesday, November 12, 2003 11:02 AM  
**To:** Burhop, Shirley; Gibbs Tschudy, Deborah  
**Subject:** RE: Fina Decision

I would base participation on their availability between now and the end of the year. Just send the data to all and give them the dates you and the team want to work on the guidance/training - hopefully all will respond timely.

Mary Williams  
Manager, Onshore Federal Compliance  
Onshore Compliance  
(303) 231-3403  
(303) 231-3700 (fax)

-----Original Message-----

**From:** Burhop, Shirley  
**Sent:** Wednesday, November 12, 2003 10:58 AM  
**To:** Williams, Mary; Gibbs Tschudy, Deborah  
**Subject:** FW: Fina Decision  
**Importance:** High

So far, the people who have expressed interest in participating are:

Terry Fisher - Shoshone and Arapaho  
Ellwood Solerling - Wyoming  
Colorado - no name specified  
New Mexico - no name specified

-----Original Message-----

**From:** Fisher, Terence  
**Sent:** Monday, November 10, 2003 10:04 AM  
**To:** Burhop, Shirley  
**Cc:** St. Goddard, Harold; Goss, Inge-Lise  
**Subject:** Fw: Fina Decision  
**Importance:** High

Shirley, I will be contact and lead for Shoshone and Arapaho. I, as a STRAC member, not officer, recommend that at a minimum the STRAC officers and MMS representative teleconference (meet) on this prior to the STRAC meeting Dec 10-12 so the issues can be identified and carried forward to be discussed by the entire STRAC body. The proposed methodology (guidance) will be used by most, if not all, 202/205 contracts to develop their audit valuation strategies. Given the magnitude of the potential impact on audits and the need to involve STRAC, I am not sure a December 31, 03 deadline is feasible. Issue identification, discussion and proactive planning/rule making will be key to the process, not speed. Terry

----- Original Message -----

**From:** <Deborah.Gibbs.Tschudy@mms.gov>  
**To:** <ScottM@dnr.state.la.us>; <davidd@dnr.state.la.us>;  
<joanier@crownsations.net>; <pshirley@frontiernet.net>;  
<dweekly@wyaudit.state.wy.us>; <kanderso@southern-ute.nsn.us>;  
<sbrown@blackfeetnation.com>; <vcharlton@state.mt.us>;  
<sdilsaver@wyaudit.state.wy.us>; <tdruse@utemountain.org>;  
<tfisher@washakie.net>; <igoss@utah.gov>; <Mark.Hudson@mms.gov>;  
<bill.husta@glo.state.tx.us>; <dloomis@spike.dor.state.co.us>;  
<JLougee@state.nm.us>; <jmcclain@sco.ca.gov>; <Scottm@dnr.state.la.us>;  
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<esoderlind@wyaudit.state.wy.us>; <haroldg@utetribe.com>;  
<georgestaigle.mms@midconetwork.com>  
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<Todd.Leneau@mms.gov>; <Ralph.Johnson@mms.gov>; <Mary.Williams@mms.gov>;  
<Carol.L.Green@mms.gov>; <David.Guzy@mms.gov>; <Robert.Davidoff@mms.gov>;  
<Ethel.Richards@mms.gov>; <Janet.Courtney@mms.gov>; <John.Barder@mms.gov>;  
<Lonnie.Kimball@mms.gov>; <Paul.Tyler@mms.gov>; <Shirley.Burhop@mms.gov>;  
<James.Stockbridge@mms.gov>; <Theresa.Bayani@mms.gov>  
Sent: Friday, November 07, 2003 1:58 PM  
Subject: Fina Decision

> Hi Everyone,  
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> The D.C. Circuit's decision in Fina Oil and Chemical Corp.  
> vs. Norton, 332 F.3d 672 (D.C. Cir. 2003), has not been appealed to the  
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> staffs apply the current valuation regulations in their audits. We will  
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>  
>  
>  
> Deborah Gibbs Tschudy  
> Assistant Program Director for Onshore Compliance  
> Phone: (303) 231-3301  
> Fax: (303) 231-3722  
>  
>  
>

**Barton, Jayne**

---

**From:** Lougee, Jack  
**Sent:** Wednesday, November 12, 2003 11:25 AM  
**To:** Burhop, Shirley  
**Subject:** RE: Fina decision

Nancy Rodriguez.

-----Original Message-----

**From:** Shirley.Burhop@nms.gov [mailto:Shirley.Burhop@nms.gov]  
**Sent:** Wednesday, November 12, 2003 10:59 AM  
**To:** JLougee@state.nm.us  
**Subject:** Fina decision

Who is your nominee to participate in development of training and guidance?  
Do you have a name yet?

## Barton, Jayne

---

**From:** Burhop, Shirley  
**Sent:** Wednesday, November 12, 2003 11:28 AM  
**To:** Williams, Mary; Gibbs Tschudy, Deborah  
**Subject:** FW: Fina Decision

**Importance:** High

UPDATE:

So far, the people who have expressed interest in participating are:

Terry Fisher - Shoshone and Arapaho  
Ellwood Soderlind - Wyoming  
Dave Loomis - Colorado  
Nancy Rodriguez - New Mexico

-----Original Message-----

**From:** Fisher, Terence  
**Sent:** Monday, November 10, 2003 10:04 AM  
**To:** Burhop, Shirley  
**Cc:** St. Goddard, Harold; Goss, Inge-Lise  
**Subject:** Fw: Fina Decision  
**Importance:** High

Shirley, I will be contact and lead for Shoshone and Arapaho. I, as a STRAC member, not officer, recommend that at a minimum the STRAC officers and MMS representative teleconference (meet) on this prior to the STRAC meeting Dec 10-12 so the issues can be identified and carried forward to be discussed by the entire STRAC body. The proposed methodology (guidance) will be used by most, if not all, 202/205 contracts to develop their audit valuation strategies. Given the magnitude of the potential impact on audits and the need to involve STRAC, I am not sure a December 31, 03 deadline is feasible. Issue identification, discussion and proactive planning/rule making will be key to the process, not speed. Terry

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<dweekly@wyaudit.state.wy.us>; <kanderso@southern-ute.nsn.us>;  
<sbrown@blackfeetnation.com>; <vcharlton@state.mt.us>;  
<sdilsaver@wyaudit.state.wy.us>; <tdruse@utemountain.org>;  
<tfisher@washakie.net>; <igoss@utah.gov>; <Mark.Hudson@mms.gov>;  
<bill.husta@glo.state.tx.us>; <dloomis@spike.dor.state.co.us>;  
<JLougee@state.nm.us>; <jmcclain@sco.ca.gov>; <Scottm@dnr.state.la.us>;  
<JNorman@state.nm.us>; <nrodriguez@state.nm.us>; <VSeverson@state.nm.us>;  
<esoderlind@wyaudit.state.wy.us>; <haroldg@utetribe.com>;  
<georgestaigle.mms@midconetwork.com>  
**Cc:** <Lucy.Querques.Denett@mms.gov>; <Cathy.Hamilton@mms.gov>;  
<Todd.Leneau@mms.gov>; <Ralph.Johnson@mms.gov>; <Mary.Williams@mms.gov>;  
<Carol.L.Green@mms.gov>; <David.Guzy@mms.gov>; <Robert.Davidoff@mms.gov>;  
<Ethel.Richards@mms.gov>; <Janet.Courtney@mms.gov>; <John.Barder@mms.gov>;  
<Lonnie.Kimball@mms.gov>; <Paul.Tyler@mms.gov>; <Shirley.Burhop@mms.gov>;  
<James.Stockbridge@mms.gov>; <Theresa.Bayani@mms.gov>  
**Sent:** Friday, November 07, 2003 1:58 PM  
**Subject:** Fina Decision

> Hi Everyone,

>

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>  
>  
> Deborah Gibbs Tschudy  
> Assistant Program Director for Onshore Compliance  
> Phone: (303) 231-3301  
> Fax: (303) 231-3722  
>  
>  
>

**Tracking:**

**Recipient**  
Williams, Mary  
Gibbs Tschudy, Deborah

**Read**  
Read: 11/12/2003 11:32 AM  
Read: 11/12/2003 11:28 AM

**Barton, Jayne**

---

**From:** Gibbs Tschudy, Deborah  
**Sent:** Wednesday, November 12, 2003 11:46 AM  
**To:** Kirumakki, Nagaraja  
**Cc:** Burhop, Shirley; Williams, Mary; Johnson, Ralph  
**Subject:** Training Materials on the 1988 Regulations

Hi Raj,

Do you have copies of your (or Bob Leggett's) training materials given to auditors in the early and mid 1990's regarding the oil and gas valuation regulations. We are specifically looking for training on the application of the benchmarks. As you know, prior to the Texaco decision issued in 1998 or 1999, auditors were to determine the value of oil or gas sold to affiliates using the benchmarks. Now, that the Texaco decision has been overturned by Fina, we are working with STRAC to develop training on applying the benchmarks. Fina is essentially a return to our pre-Texaco policy for which we must have developed training materials for auditors. I would appreciate anything that you can find. Thank you.

P.S. Shirley - other sources for guidance on applying the benchmarks includes Volume III of the Oil and Gas Payor Handbook and of course the October 1996 guidance paper that we sent to STRAC a few months ago.

Deborah Gibbs Tschudy  
Assistant Program Director for Onshore Compliance  
Phone: (303) 231-3301  
Fax: (303) 231-3722

## Barton, Jayne

---

**From:** Kirumakki, Nagaraja  
**Sent:** Wednesday, November 12, 2003 12:04 PM  
**To:** Gibbs Tschudy, Deborah  
**Cc:** Burhop, Shirley  
**Subject:** RE: Training Materials on the 1988 Regulations

We do have copies of our training materials and I will pass it on to Shirley Burhop.

Raj Kirumakki  
*Center for Excellence*  
(303) 231-3466

-----Original Message-----

**From:** Gibbs Tschudy, Deborah  
**Sent:** Wednesday, November 12, 2003 11:46 AM  
**To:** Kirumakki, Nagaraja  
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Deborah Gibbs Tschudy  
Assistant Program Director for Onshore Compliance  
Phone: (303) 231-3301  
Fax: (303) 231-3722

## Barton, Jayne

---

**From:** Gibbs Tschudy, Deborah  
**Sent:** Wednesday, November 12, 2003 12:10 PM  
**To:** Kirumakki, Nagaraja  
**Cc:** Burhop, Shirley  
**Subject:** RE: Training Materials on the 1988 Regulations

Thank you!

-----Original Message-----

**From:** Kirumakki, Nagaraja  
**Sent:** Wednesday, November 12, 2003 12:04 PM  
**To:** Gibbs Tschudy, Deborah  
**Cc:** Burhop, Shirley  
**Subject:** RE: Training Materials on the 1988 Regulations

We do have copies of our training materials and I will pass it on to Shirley Burhop.

Raj Kirumakki  
*Center for Excellence*  
(303) 231-3466

-----Original Message-----

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Deborah Gibbs Tschudy  
Assistant Program Director for Onshore Compliance  
Phone: (303) 231-3301  
Fax: (303) 231-3722

## Barton, Jayne

---

**From:** Burhop, Shirley  
**Sent:** Wednesday, November 12, 2003 12:37 PM  
**To:** Loomis, F David; Shirley, Perry; Fisher, Terence; Rodriguez, Nancy; Soderlind, Ellwood  
**Subject:** FW: Background - Fina training

**Attachments:** Prior training materials.max; Gas Valuation Guidance.max; Fina decision.pdf; Fina email.rtf

I've heard that the five of you are interested in participating, so here's some background material to get started with.

The people on the "to:" line below are the MMS reps on the project. Brian represents Indian CAM, Glenn represents Solids CAM, and Raj and Sara represent CE.

I may try to arrange an introductory meeting next week. If so, I would hope that out-of-town reps can participate by phone.

-----Original Message-----

**From:** Burhop, Shirley  
**Sent:** Friday, November 07, 2003 5:01 PM  
**To:** Johnson, Brian C; Kepler, Glenn; Kirumakki, Nagaraja; Teel, Sara  
**Cc:** Williams, Mary  
**Subject:** Background - Fina training

I'm not sure if you all know it or not, but you have been assigned to work with me to develop training on the impacts of the Fina decision. We will also have some state and Tribal representation, but the request for that only went out today, so I haven't heard who their volunteers might be yet. Nevertheless, I am sending you some information that will be useful as we begin this project.



Prior training  
materials.max (...



Gas Valuation  
Guidance.max (24...



Fina decision.pdf  
(64 KB)



Fina email.rtf (6 KB)

Attached are:

1. A copy of the decision
2. Some policy guidance and previous training materials regarding valuation of gas sold to affiliates
3. Debbie Gibbs Tschudy's recent email announcing the impact of this decision and the beginning of this project to the states and tribes

I will let you know when we hear from the states and tribes and we can begin work. Our deadline to develop the training is December 31.

**Barton, Jayne**

---

**From:** Staigle, George  
**Sent:** Wednesday, November 12, 2003 12:54 PM  
**To:** Gibbs Tschudy, Deborah  
**Cc:** Burhop, Shirley  
**Subject:** Fina decision

Debbie and Shirley

North Dakota would like to participate in the developing guidance on the application of the benchmarks.

George

**Barton, Jayne**

---

**From:** Burhop, Shirley  
**Sent:** Wednesday, November 12, 2003 12:57 PM  
**To:** Staigle, George; Gibbs Tschudy, Deborah  
**Subject:** RE: Fina decision

Who specifically?

-----Original Message-----

**From:** Staigle, George  
**Sent:** Wednesday, November 12, 2003 12:54 PM  
**To:** Gibbs Tschudy, Deborah  
**Cc:** Burhop, Shirley  
**Subject:** Fina decision

Debbie and Shirley

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George

<b>Tracking:</b>	<b>Recipient</b>	<b>Read</b>
	Staigle, George	
	Gibbs Tschudy, Deborah	Read: 11/12/2003 12:59 PM

**Barton, Jayne**

---

**From:** Staigle, George  
**Sent:** Wednesday, November 12, 2003 1:34 PM  
**To:** Burhop, Shirley  
**Subject:** RE: Fina decision

Shirley,

It will be myself.

George

-----Original Message-----

**From:** Shirley.Burhop@mms.gov [mailto:Shirley.Burhop@mms.gov]  
**Sent:** Wednesday, November 12, 2003 1:57 PM  
**To:** georgestaigle.mms@midconetwork.com; Deborah.Gibbs.Tschudy@mms.gov  
**Subject:** RE: Fina decision

Who specifically?

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**From:** Staigle, George  
**Sent:** Wednesday, November 12, 2003 12:54 PM  
**To:** Gibbs Tschudy, Deborah  
**Cc:** Burhop, Shirley  
**Subject:** Fina decision

Debbie and Shirley

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## Barton, Jayne

---

**From:** Burhop, Shirley  
**Sent:** Wednesday, November 12, 2003 1:45 PM  
**To:** Staigle, George  
**Subject:** FW: Background - Fina training

**Attachments:** Prior training materials.max; Gas Valuation Guidance.max; Fina decision.pdf; Fina email.rtf

Now six...

-----Original Message-----

**From:** Burhop, Shirley  
**Sent:** Wednesday, November 12, 2003 12:37 PM  
**To:** Loomis, F David; Shirley, Perry; Fisher, Terence; Rodriguez, Nancy; Soderlind, Ellwood  
**Subject:** FW: Background - Fina training

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**Barton, Jayne**

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**From:** Burhop, Shirley  
**Sent:** Wednesday, November 12, 2003 1:57 PM  
**To:** Rodriguez, Nancy  
**Subject:** RE: Background - Fina training

OK

-----Original Message-----

From: Rodriguez, Nancy  
Sent: Wednesday, November 12, 2003 1:24 PM  
To: Burhop, Shirley; Loomis, F David; Shirley, Perry; Fisher, Terence; Rodriguez, Nancy; Soderlind, Ellwood  
Subject: RE: Background - Fina training

Shirley,

I was unable to read the paperport documents. Could you re-send this info in another format?

Thanks,

Nancy Rodriguez  
205 Federal Royalty Audit Supervisor  
New Mexico Taxation & Revenue Dept.  
Phone: (505) 827-9843  
Fax: (505) 827-9888

-----Original Message-----

From: Shirley.Burhop@mms.gov [mailto:Shirley.Burhop@mms.gov]  
Sent: Wednesday, November 12, 2003 12:37 PM  
To: dloomis@spike.dor.state.co.us; pshirley@frontiernet.net; tfisher@washakie.net; nrodriguez@state.nm.us; esoderlind@wyaudit.state.wy.us  
Subject: FW: Background - Fina training

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**Barton, Jayne**

---

**From:** Kepler, Glenn  
**Sent:** Friday, November 14, 2003 3:44 PM  
**To:** Burhop, Shirley  
**Subject:** RE: Fina meeting

Sounds good to me. I'll check in with you upon my return.

Glenn

-----Original Message-----

**From:** Burhop, Shirley  
**Sent:** Friday, November 14, 2003 3:20 PM  
**To:** Kepler, Glenn; Kirumakki, Nagaraja  
**Subject:** Fina meeting

The possibility of getting all 11 team members together at one time is slim, so I plan to proceed with the meeting planned for next Wednesday in spite of your absences -- unless I get many more people declining. I can fill you in when you return from travel. We can schedule meetings of us MMS folks more easily than we can get the state and tribal members involved, and may want to do so after the Wednesday meeting. OK?

**Barton, Jayne**

---

**From:** Fisher, Terence  
**Sent:** Friday, November 14, 2003 3:56 PM  
**To:** Burhop, Shirley  
**Subject:** Re: Fina decision - development of guidance and training

**Importance:** High

Shirley, Thank you for your attention to this matter. I will be in Houston that day but will call in once I have numbers. T

----- Original Message -----

From: <Shirley.Burhop@mms.gov>  
To: <sara.teel@mms.gov>; <Glenn.Kepler@mms.gov>; <Brian.C.Johnson@mms.gov>; <Nagaraja.Kirumakki@mms.gov>; <georgestaigle.mms@midconetwork.com>; <dloomis@spike.dor.state.co.us>; <tfisher@washakie.net>; <pshirley@frontiernet.net>; <nrodriguez@state.nm.us>; <esoderlind@wyaudit.state.wy.us>  
Sent: Friday, November 14, 2003 1:37 PM  
Subject: Fina decision - development of guidance and training

> When: Wednesday, November 19, 2003 1:00 PM-2:30 PM (GMT-07:00) Mountain Time

> (US & Canada).

> Where: Mile High Room

>

> \*\*\*\*\*

>

> I would like to have a preliminary meeting to discuss what needs to be done.

> Terry has suggested we get this rolling before the STRAC meeting so we can discuss further then.

>

> I will arrange for the out-of-towners to call in and will let you know the phone number and pass code prior to the meeting.

>

>

## Barton, Jayne

---

**From:** Rodriguez, Nancy  
**Sent:** Monday, November 17, 2003 6:46 AM  
**To:** Burhop, Shirley; Teel, Sara; Kepler, Glenn; Johnson, Brian C; Kirumakki, Nagaraja; Staigle, George; Loomis, F David; tfisher@washakie.net; Shirley, Perry; Rodriguez, Nancy; Soderlind, Ellwood  
**Subject:** RE: Fina decision - development of guidance and training  
**Importance:** High

I will be out of the office on Tuesday and Wednesday, November 18 & 19, 2003. If this meeting can't be re-scheduled, then please contact Jack Lougee for New Mexico participation.

Also Shirley, I still have not received a readable copy of the attachments from your November 12, 2003 e-mail.

Thanks,

Nancy Rodriguez  
205 Federal Royalty Audit Supervisor  
New Mexico Taxation & Revenue Dept.  
Phone: (505) 827-9843  
Fax: (505) 827-9888

-----Original Message-----

**From:** Shirley.Burhop@mms.gov [mailto:Shirley.Burhop@mms.gov]  
**Sent:** Friday, November 14, 2003 1:37 PM  
**To:** sara.teel@mms.gov; Glenn.Kepler@mms.gov; Brian.C.Johnson@mms.gov; Nagaraja.Kirumakki@mms.gov; georgestaigle.mms@midconetwork.com; dloomis@spike.dor.state.co.us; tfisher@washakie.net; pshirley@frontiernet.net; nrodriguez@state.nm.us; esoderlind@wyaudit.state.wy.us  
**Subject:** Fina decision - development of guidance and training

**When:** Wednesday, November 19, 2003 1:00 PM-2:30 PM (GMT-07:00) Mountain Time (US & Canada).  
**Where:** Mile High Room

\*~\*~\*~\*~\*~\*~\*~\*~\*~\*

I would like to have a preliminary meeting to discuss what needs to be done. Terry has suggested we get this rolling before the STRAC meeting so we can discuss further then.

I will arrange for the out-of-towners to call in and will let you know the phone number and pass code prior to the meeting.

**Barton, Jayne**

---

**From:** Shirley, Perry  
**Sent:** Tuesday, November 18, 2003 8:15 AM  
**To:** Burhop, Shirley  
**Subject:** RE: Updated: Fina

I will not be available, but carry on and forward a summary of the meeting to me.

-----Original Message-----

**From:** Shirley.Burhop@mms.gov [mailto:Shirley.Burhop@mms.gov]  
**Sent:** Monday, November 17, 2003 12:18 PM  
**To:** rmpadconfirm@mms.gov; Brian.C.Johnson@mms.gov; esoderlind@wyaudit.state.wy.us;  
dloomis@spike.dor.state.co.us; georgestaigle.mms@midconetwork.com; Glenn.Kepler@mms.gov;  
Nagaraja.Kirumakki@mms.gov; nrodriguez@state.nm.us; pshirley@frontiernet.net;  
sara.teel@mms.gov; tfisher@washakie.net  
**Cc:** Glenn.Kepler@mms.gov; sara.teel@mms.gov  
**Subject:** Updated: Fina

**When:** Thursday, November 20, 2003 10:00 AM-11:30 AM (GMT-07:00) Mountain Time (US & Canada).

**Where:** Columbine Room

\*~\*~\*~\*~\*~\*~\*~\*~\*~\*

Sorry - rescheduling yet again.

I am trying to reschedule for a time when more people can meet. I realize that Glenn Kepler and Raj Kirumakki will still be unavailable, but given our deadline of having things prepared by December 31, I hate to delay getting started much longer. Once again, for those of you not in Denver, I will obtain a number and pass code for you to call in.

## Barton, Jayne

---

**From:** Loomis, F David  
**Sent:** Wednesday, November 19, 2003 8:25 AM  
**To:** Burhop, Shirley  
**Subject:** RE: Updated: Fina

Is it OK if Dana Summers comes with me?

Thanks,  
Dave

-----Original Message-----

**From:** Shirley.Burhop@mms.gov [mailto:Shirley.Burhop@mms.gov]  
**Sent:** Monday, November 17, 2003 12:18 PM  
**To:** rmpadconfirm@mms.gov; Brian.C.Johnson@mms.gov; esoderlind@wyaudit.state.wy.us; dloomis@spike.dor.state.co.us; georgestaigle.mms@midconetwork.com; Glenn.Kepler@mms.gov; Nagaraja.Kirumakki@mms.gov; nrodriguez@state.nm.us; pshirley@frontiernet.net; sara.teel@mms.gov; tfisher@washakie.net  
**Cc:** Glenn.Kepler@mms.gov; sara.teel@mms.gov  
**Subject:** Updated: Fina

**When:** Thursday, November 20, 2003 10:00 AM-11:30 AM (GMT-07:00) Mountain Time (US & Canada).

**Where:** Columbine Room

\*~\*~\*~\*~\*~\*~\*~\*~\*~\*

Sorry - rescheduling yet again.

I am trying to reschedule for a time when more people can meet. I realize that Glenn Kepler and Raj Kirumakki will still be unavailable, but given our deadline of having things prepared by December 31, I hate to delay getting started much longer. Once again, for those of you not in Denver, I will obtain a number and pass code for you to call in.

**Barton, Jayne**

---

**From:** Burhop, Shirley  
**Sent:** Wednesday, November 19, 2003 8:54 AM  
**To:** Loomis, F David  
**Subject:** RE: Updated: Fina

yes

-----Original Message-----

**From:** Loomis, F David  
**Sent:** Wednesday, November 19, 2003 8:25 AM  
**To:** Burhop, Shirley  
**Subject:** RE: Updated: Fina

Is it OK if Dana Summers comes with me?  
Thanks,  
Dave

-----Original Message-----

**From:** Shirley.Burhop@mms.gov [mailto:Shirley.Burhop@mms.gov]  
**Sent:** Monday, November 17, 2003 12:18 PM  
**To:** rmpadconfirm@mms.gov; Brian.C.Johnson@mms.gov;  
esoderlind@wyaudit.state.wy.us; dloomis@spike.dor.state.co.us;  
georgestaigle.mms@midconetwork.com; Glenn.Kepler@mms.gov;  
Nagaraja.Kirumakki@mms.gov; nrodriguez@state.nm.us;  
pshirley@frontiernet.net; sara.teel@mms.gov; tfisher@washakie.net  
**Cc:** Glenn.Kepler@mms.gov; sara.teel@mms.gov  
**Subject:** Updated: Fina

**When:** Thursday, November 20, 2003 10:00 AM-11:30 AM (GMT-07:00) Mountain  
Time (US & Canada).  
**Where:** Columbine Room

\*~\*~\*~\*~\*~\*~\*~\*~\*~\*

Sorry - rescheduling yet again.

I am trying to reschedule for a time when more people can meet. I realize that Glenn Kepler and Raj Kirumakki will still be unavailable, but given our deadline of having things prepared by December 31, I hate to delay getting started much longer. Once again, for those of you not in Denver, I will obtain a number and pass code for you to call in.

## Barton, Jayne

---

**From:** Burhop, Shirley  
**Sent:** Wednesday, November 19, 2003 9:01 AM  
**To:** Loomis, F David  
**Subject:** RE: Updated: Fina

So you are attending in person?

-----Original Message-----

**From:** Loomis, F David  
**Sent:** Wednesday, November 19, 2003 8:25 AM  
**To:** Burhop, Shirley  
**Subject:** RE: Updated: Fina

Is it OK if Dana Summers comes with me?

Thanks,  
Dave

-----Original Message-----

**From:** Shirley.Burhop@mms.gov [mailto:Shirley.Burhop@mms.gov]  
**Sent:** Monday, November 17, 2003 12:18 PM  
**To:** rmpadconfirm@mms.gov; Brian.C.Johnson@mms.gov;  
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Nagaraja.Kirumakki@mms.gov; nrodriguez@state.nm.us;  
pshirley@frontiernet.net; sara.teel@mms.gov; tfisher@washakie.net  
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**Barton, Jayne**

---

**From:** Loomis, F David  
**Sent:** Wednesday, November 19, 2003 9:04 AM  
**To:** Burhop, Shirley  
**Cc:** Summers, Dana  
**Subject:** RE: Updated: Fina

Yes, we have found the telecons aren't as effective as in person.  
Is that OK?

-----Original Message-----

From: Shirley.Burhop@mms.gov [mailto:Shirley.Burhop@mms.gov]  
Sent: Wednesday, November 19, 2003 9:01 AM  
To: dloomis@spike.dor.state.co.us  
Subject: RE: Updated: Fina

So you are attending in person?

-----Original Message-----

From: Loomis, F David  
Sent: Wednesday, November 19, 2003 8:25 AM  
To: Burhop, Shirley  
Subject: RE: Updated: Fina

Is it OK if Dana Summers comes with me?  
Thanks,  
Dave

-----Original Message-----

From: Shirley.Burhop@mms.gov [mailto:Shirley.Burhop@mms.gov]  
Sent: Monday, November 17, 2003 12:18 PM  
To: rmpadconfrm@mms.gov; Brian.C.Johnson@mms.gov;  
esoderlind@wyaudit.state.wy.us; dloomis@spike.dor.state.co.us;  
georgestaigle.mms@midconetwork.com; Glenn.Kepler@mms.gov;  
Nagaraja.Kirumakki@mms.gov; nrodriguez@state.nm.us;  
pshirley@frontiernet.net; sara.teel@mms.gov; tfisher@washakie.net  
Cc: Glenn.Kepler@mms.gov; sara.teel@mms.gov  
Subject: Updated: Fina

When: Thursday, November 20, 2003 10:00 AM-11:30 AM (GMT-07:00) Mountain  
Time (US & Canada).  
Where: Columbine Room

\*~\*~\*~\*~\*~\*~\*~\*~\*~\*

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## **Barton, Jayne**

---

**From:** Burhop, Shirley  
**Sent:** Wednesday, November 19, 2003 2:11 PM  
**To:** Johnson, Brian C; Ellwood Soderlind; F David Loomis; George Staigle; Glenn Kepler; Nagaraja Kirumakki; Nancy Rodriguez; Perry Shirley; Teel, Sara; Terence Fisher  
**Subject:** Agenda for intro meeting.doc

Introductory meeting: Thursday, Nov. 20, 10:00am MST

Task: To develop guidance and training on application of the benchmarks.

Output: A power point presentation to be used for the training. Needs to be run by Geoff Heath for approval prior to use.

Deadline: December 31, 2003. Training to be provided in January – February 2004.

I see the training as consisting of six parts:

1. Background on the Fina decision and what it means
2. How to apply to Federal gas
3. How to apply to Federal oil prior to June 2000
4. How to apply to Indian oil
5. How to apply to Indian gas prior to January 2000
6. How to apply to coal

I think we already have lots of materials that may cover some of these subsets quite well. But we have to assure that 1) they are reasonably consistent with one another, and 2) that they thoroughly cover all of our questions about how to apply the benchmarks.

Our task for the Nov. 20 meeting: Who does what and by when? I suggest we appoint 1 or 2 people to develop each of the 6 parts of the training listed above, with a deadline for completion of Friday, December 12. Someone can then consolidate all the pieces into one comprehensive presentation to run by Geoff Heath before the end of the month.

But I'm open to other ideas and suggestions.

In addition to what I've already sent out, Volume III of the Payor Handbook looks like another good resource. It's available at [www.mms.gov](http://www.mms.gov) for anyone who doesn't have it.

**Tracking:**

**Recipient**

Johnson, Brian C

Ellwood Soderlind

F David Loomis

George Staigle

Glenn Kepler

Nagaraja Kirumakki

Nancy Rodriguez

Perry Shirley

Teel, Sara

Terence Fisher

**Read**

Read: 11/19/2003 3:23 PM

Read: 11/19/2003 2:29 PM

## Barton, Jayne

---

**From:** Soderlind, Ellwood  
**Sent:** Wednesday, November 19, 2003 2:21 PM  
**To:** Burhop, Shirley; Johnson, Brian C; Soderlind, Ellwood; Loomis, F David; Staigle, George; Kepler, Glenn; Kirumakki, Nagaraja; Rodriguez, Nancy; Shirley, Perry; Teel, Sara; tfisher@washakie.net  
**Subject:** RE: Agenda for intro meeting.doc

I think that December 12 is overly optimistic. The holidays are approaching and the STRAC meeting is Dec 10-12.

In order to do a good job on this the deadline should be January 31, 2004.

This will require several telecons and one or two face to face meetings. It is quite difficult to get everyone together at every meeting as you can see from trying to arrange tomorrow's telecon.

Ellwood

-----Original Message-----

**From:** Shirley.Burhop@mms.gov [mailto:Shirley.Burhop@mms.gov]  
**Sent:** Wednesday, November 19, 2003 2:11 PM  
**To:** Brian.C.Johnson@mms.gov; esoderlind@wyaudit.state.wy.us; dloomis@spike.dor.state.co.us; georgestaigle.mms@midconetwork.com; Glenn.Kepler@mms.gov; Nagaraja.Kirumakki@mms.gov; nrodriguez@state.nm.us; pshirley@frontiernet.net; sara.teel@mms.gov; tfisher@washakie.net  
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## Barton, Jayne

---

**From:** Burhop, Shirley  
**Sent:** Thursday, November 20, 2003 3:20 PM  
**To:** Gratz, Larry  
**Cc:** Guzy, David  
**Subject:** RE: FINA work group

I don't think it will be necessary. There are too many unknowns about who will be available and how much time we would find to meet. We probably won't have answers to either of those questions until the day before (Dec. 9). Since I will also need to tie in 2 or 3 other people here in Denver who would not otherwise be attending STRAC, we can telecon them all in.

-----Original Message-----

**From:** Gratz, Larry  
**Sent:** Thursday, November 20, 2003 1:42 PM  
**To:** Burhop, Shirley  
**Cc:** Guzy, David  
**Subject:** FINA work group

Brian Johnson says he wants to go to the Strac meeting because your Fina workgroup may be meeting. I can't figure it. I asked Brian to tell me when he will be meeting (i.e. the Strac meeting is Thurs. & Friday and you'll meet Wednesday). If your group is going to put in a days effort it makes sense for us to incur the cost. If there is just going to be an hours discussion at the meeting I couldn't support the cost and extra time commitment. I asked Brian to give me more specifics - right now he only said Terry Fischer suggested and everyone thought it was a good idea to meet at the Strac meeting.

At this point I just want you to know we are trying to save a little money and more importantly we need to save time. But if you tell me you need him at the meeting now I can save myself and Brian a lot of unnecessary thinking!

**Barton, Jayne**

---

**From:** Soderlind, Ellwood  
**Sent:** Friday, November 21, 2003 2:21 PM  
**To:** Burhop, Shirley; MRM/Bldg. 85 Mile High Room, Room F201B; Johnson, Brian C; Soderlind, Ellwood; Loomis, F David; Staigle, George; Kepler, Glenn; Kirumakki, Nagaraja; Rodriguez, Nancy; Shirley, Perry; Teel, Sara; tfisher@washakie.net  
**Subject:** RE: Development of training and guidance

Shirley:

I will attend in person.

Ellwood

-----Original Message-----

**From:** Shirley.Burhop@mms.gov [mailto:Shirley.Burhop@mms.gov]  
**Sent:** Friday, November 21, 2003 12:45 PM  
**To:** MileHighRoom@mms.gov; Brian.C.Johnson@mms.gov; esoderlind@wyaudit.state.wy.us; dloomis@spike.dor.state.co.us; georgestaigle.mms@midconetwork.com; Glenn.Kepler@mms.gov; Nagaraja.Kirumakki@mms.gov; nrodriguez@state.nm.us; pshirley@frontiernet.net; sara.teel@mms.gov; tfisher@washakie.net  
**Subject:** Development of training and guidance

**When:** Monday, December 01, 2003 1:00 PM-2:30 PM (GMT-07:00) Mountain Time (US & Canada).  
**Where:** Mile High Room

\*~\*~\*~\*~\*~\*~\*~\*~\*~\*

Hopefully, we will have had a chance to review Karen Conway's paper by then.

## Barton, Jayne

---

**From:** Kirumakki, Nagaraja  
**Sent:** Friday, November 21, 2003 3:12 PM  
**To:** Burhop, Shirley  
**Subject:** RE: Development of training and guidance

I have a copy.  
Raj

-----Original Message-----

**From:** Burhop, Shirley  
**Sent:** Friday, November 21, 2003 2:15 PM  
**To:** Kirumakki, Nagaraja  
**Subject:** RE: Development of training and guidance

Have you been able to find a copy of it?

-----Original Appointment-----

**From:** Kirumakki, Nagaraja  
**Sent:** Friday, November 21, 2003 1:05 PM  
**To:** Burhop, Shirley  
**Subject:** Accepted: Development of training and guidance  
**When:** Monday, December 01, 2003 1:00 PM-2:30 PM (GMT-07:00) Mountain Time (US & Canada).  
**Where:** Mile High Room

Shirley,

Back in 1995, the old RVD gave a training titled "**Valuation Journey**". In that training Nick Fadley gave a presentation on how to value affiliates sales using **Benchmarks**. So the information and training material already exists. If I recall correctly, it was a power point presentation.

Raj

## Barton, Jayne

---

**From:** Kirumakki, Nagaraja  
**Sent:** Friday, November 21, 2003 3:17 PM  
**To:** Burhop, Shirley  
**Subject:** RE: Development of training and guidance

I have both forms I believe. Next week I will send it out.  
Raj

-----Original Message-----

**From:** Burhop, Shirley  
**Sent:** Friday, November 21, 2003 3:15 PM  
**To:** Kirumakki, Nagaraja  
**Subject:** RE: Development of training and guidance

Electronic or paper? Do you want to scan it and email to the team or do you want me to?

-----Original Message-----

**From:** Kirumakki, Nagaraja  
**Sent:** Friday, November 21, 2003 3:12 PM  
**To:** Burhop, Shirley  
**Subject:** RE: Development of training and guidance

I have a copy.  
Raj

-----Original Message-----

**From:** Burhop, Shirley  
**Sent:** Friday, November 21, 2003 2:15 PM  
**To:** Kirumakki, Nagaraja  
**Subject:** RE: Development of training and guidance

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**Sent:** Friday, November 21, 2003 1:05 PM  
**To:** Burhop, Shirley  
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Raj

**Barton, Jayne**

---

**From:** Burhop, Shirley  
**Sent:** Monday, November 24, 2003 5:09 PM  
**To:** Loomis, F David; MRM/Bldg. 85 Mile High Room, Room F201B; Johnson, Brian C; Soderlind, Ellwood; Staigle, George; Kepler, Glenn; Kirumakki, Nagaraja; Rodriguez, Nancy; Shirley, Perry; Teel, Sara; tfisher@washakie.net; Summers, Dana; Conway, Karen  
**Subject:** RE: Development of training and guidance

This is a great start. One big question that comes to my mind is ~~X~~ <sup>5</sup> I think we will need to discuss that as part of this project.

-----Original Message-----

**From:** Loomis, F David  
**Sent:** Friday, November 21, 2003 2:45 PM  
**To:** Burhop, Shirley; MRM/Bldg. 85 Mile High Room, Room F201B; Johnson, Brian C; Soderlind, Ellwood; Loomis, F David; Staigle, George; Kepler, Glenn; Kirumakki, Nagaraja; Rodriguez, Nancy; Shirley, Perry; Teel, Sara; tfisher@washakie.net; Summers, Dana; Conway, Karen  
**Subject:** RE: Development of training and guidance

Attached is a file with Karen Conway's analysis on the Fina case and benchmark discussion for gas.  
Please let me know what you think.  
Karen has my thanks and appreciation for putting this together for us.

Also, for those who want to open the scanned files from MMS, the web site to download the program is:

[www.scansoft.com/paperport/viewers](http://www.scansoft.com/paperport/viewers)

My thanks to Ken Vogel, Brenda Petersen, and Dana Summers for this information.

Dave

-----Original Message-----

**From:** Shirley.Burhop@mms.gov [mailto:Shirley.Burhop@mms.gov]  
**Sent:** Friday, November 21, 2003 12:45 PM  
**To:** MileHighRoom@mms.gov; Brian.C.Johnson@mms.gov; esoderlind@wyaudit.state.wy.us; dloomis@spike.dor.state.co.us; georgestaigle.mms@midconetwork.com; Glenn.Kepler@mms.gov; Nagaraja.Kirumakki@mms.gov; nrodriguez@state.nm.us; pshirley@frontiernet.net; sara.teel@mms.gov; tfisher@washakie.net  
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\*~\*~\*~\*~\*~\*~\*~\*~\*~\*

Hopefully, we will have had a chance to review Karen Conway's paper by then.

**Tracking:**

**Recipient**

**Read**

Loomis, F David

MRM/Bldg. 85 Mile High Room, Room F201B

Johnson, Brian C

Read: 11/24/2003 6:07 PM

Soderlind, Ellwood

Staigle, George

**Recipient**

**Read**

Kepler, Glenn  
Kirumakki, Nagaraja  
Rodriguez, Nancy  
Shirley, Perry  
Teel, Sara  
ffisher@washakie.net  
Summers, Dana  
Conway, Karen

Read: 11/25/2003 6:32 AM  
Read: 11/25/2003 7:16 AM  
  
Read: 11/26/2003 8:09 AM

## Barton, Jayne

---

**From:** Conway, Karen  
**Sent:** Tuesday, November 25, 2003 6:52 AM  
**To:** Burhop, Shirley  
**Subject:** RE: Development of training and guidance

I didn't mean to attach the document to the e-mail Shirley, please delete it. I am just doing an analysis for my own edification on the Indian oil and gas and for the oil benchmarks. Still a work in progress. Sorry!

-----Original Message-----

**From:** Shirley.Burhop@mms.gov [mailto:Shirley.Burhop@mms.gov]  
**Sent:** Monday, November 24, 2003 5:09 PM  
**To:** dloomis@spike.dor.state.co.us; MileHighRoom@mms.gov; Brian.C.Johnson@mms.gov; esoderlind@wyaudit.state.wy.us; georgestaigle.mms@midconetwork.com; Glenn.Kepler@mms.gov; Nagaraja.Kirumakki@mms.gov; nrodriguez@state.nm.us; pshirley@frontiernet.net; sara.teel@mms.gov; tfisher@washakie.net; dsummers@spike.dor.state.co.us; kconway@spike.dor.state.co.us  
**Subject:** RE: Development of training and guidance

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X ~~S~~  
I think we will need to discuss that as part of this project.

-----Original Message-----

**From:** Loomis, F David  
**Sent:** Friday, November 21, 2003 2:45 PM  
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Karen has my thanks and appreciation for putting this together for us.

Also, for those who want to open the scanned files from MMS, the web site to download the program is:  
[www.scansoft.com/paperport/viewers](http://www.scansoft.com/paperport/viewers)  
My thanks to Ken Vogel, Brenda Petersen, and Dana Summers for this information.

Dave

-----Original Message-----

**From:** Shirley.Burhop@mms.gov [mailto:Shirley.Burhop@mms.gov]  
**Sent:** Friday, November 21, 2003 12:45 PM  
**To:** MileHighRoom@mms.gov; Brian.C.Johnson@mms.gov; esoderlind@wyaudit.state.wy.us; dloomis@spike.dor.state.co.us; georgestaigle.mms@midconetwork.com; Glenn.Kepler@mms.gov; Nagaraja.Kirumakki@mms.gov; nrodriguez@state.nm.us; pshirley@frontiernet.net; sara.teel@mms.gov; tfisher@washakie.net  
**Subject:** Development of training and guidance

**When:** Monday, December 01, 2003 1:00 PM-2:30 PM (GMT-07:00) Mountain Time (US & Canada).  
**Where:** Mile High Room

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Hopefully, we will have had a chance to review Karen Conway's paper by then.

## Barton, Jayne

---

**From:** Shirley, Perry  
**Sent:** Wednesday, December 03, 2003 10:38 AM  
**To:** Burhop, Shirley  
**Subject:** Re: Marketing costs and marketable condition

Hi Shirley,

Can you please use the following email address for me:

pshirley@frontiernet.net

The yahoo address is very limited in availability of space. Thanks.

--- Shirley.Burhop@mms.gov wrote:

> Debbie Gibbs Tschudy just reconfirmed the importance of an issue Karen  
> Conway raised in our meeting on Dec. 1. In developing guidance and  
> training, we need to address the non-deductibility of costs to place  
> production in marketable condition.  
>  
> Debbie referred to the Devon decision ("Valuation Determination for  
> Coalbed Methane Production from the Kitty, Spotted Horse, and Rough  
> Draw Fields, Powder River Basin, Wyoming") as a good source of  
> discussion on the topic.  
> This decision was issued on October 9, 2003 and I understand it was  
> shared with STRAC members?

---

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<http://companion.yahoo.com/>

## Barton, Jayne

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**From:** Kirumakki, Nagaraja  
**Sent:** Wednesday, December 03, 2003 2:52 PM  
**To:** Conway, Karen; Burhop, Shirley; Johnson, Brian C; Summers, Dana; Soderlind, Ellwood; Loomis, F David; Staigle, George; Kepler, Glenn; Rodriguez, Nancy; pshirley@frontiernet.net; Teel, Sara; Fisher, Terence  
**Cc:** Johnson, Ralph; Fields, Gary  
**Subject:** RE: Marketing costs and marketable condition

That is correct. We discussed this at the "Intermediate Oil and Gas Valuation" training class couple of years ago.

Raj

-----Original Message-----

**From:** Conway, Karen  
**Sent:** Wednesday, December 03, 2003 1:58 PM  
**To:** Burhop, Shirley; Johnson, Brian C; Summers, Dana; Soderlind, Ellwood; Loomis, F David; Staigle, George; Kepler, Glenn; Conway, Karen; Kirumakki, Nagaraja; Rodriguez, Nancy; pshirley@frontiernet.net; Teel, Sara; Fisher, Terence  
**Subject:** RE: Marketing costs and marketable condition

I just wanted to note that accounting for comparison will also impact non-arm's-length transfers and contracts where the company sells or transfers gas that is processed to a related company. The Marathon Oil case, MMS-94-0404-O&G is an example of this regulation.

Sec. 206.155 Accounting for comparison.

(a) Except as provided in paragraph (b) of this section, where the lessee (or a person to whom the lessee has transferred gas pursuant to a non-arm's-length contract or without a contract) processes the lessee's gas and after processing the gas the residue gas is not sold pursuant to an arm's-length contract, the value, for royalty purposes, shall be the greater of (1) the combined value, for royalty purposes, of the residue gas and gas plant products resulting from processing the gas determined pursuant to Sec. 206.153 of this subpart, plus the value, for royalty purposes, of any condensate recovered downstream of the point of royalty settlement without resorting to processing determined pursuant to Sec. 206.102 of this subpart; or (2) the value, for royalty purposes, of the gas prior to processing determined in accordance with Sec. 206.152 of this subpart.

-----Original Message-----

**From:** Shirley.Burhop@mms.gov [mailto:Shirley.Burhop@mms.gov]  
**Sent:** Wednesday, December 03, 2003 10:08 AM  
**To:** Brian.C.Johnson@mms.gov; dsummers@spike.dor.state.co.us; esoderlind@wyaudit.state.wy.us; dloomis@spike.dor.state.co.us; georgestaigle.mms@midconetwork.com; Glenn.Kepler@mms.gov; kconway@spike.dor.state.co.us; Nagaraja.Kirumakki@mms.gov; nrodriguez@state.nm.us; pshirley@frontiernet.net; sara.teel@mms.gov; tfisher@washakie.net  
**Subject:** Marketing costs and marketable condition

Debbie Gibbs Tschudy just reconfirmed the importance of an issue Karen Conway raised in our meeting on Dec. 1. In developing guidance and training, we need to address the non-deductibility of costs to place production in marketable condition.

Debbie referred to the Devon decision ("Valuation Determination for Coalbed Methane Production from the Kitty, Spotted Horse, and Rough Draw Fields, Powder River Basin, Wyoming") as a good source of discussion on the topic. This decision was issued on October 9, 2003 and I understand it was shared with STRAC members?

**Barton, Jayne**

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**From:** Conway, Karen  
**Sent:** Friday, December 05, 2003 1:31 PM  
**To:** Burhop, Shirley  
**Cc:** Loomis, F David  
**Subject:** RE: Guidance and training

Hi Shirley, did we get set up for a teleconference for STRAC next Friday morning? Where should I go in Building 85?

-----Original Message-----

From: Shirley.Burhop@mms.gov [mailto:Shirley.Burhop@mms.gov]  
Sent: Friday, December 05, 2003 11:35 AM  
To: MileHighRoom@mms.gov; Brian.C.Johnson@mms.gov; dsummers@spike.dor.state.co.us; esoderlind@wyaudit.state.wy.us; dloomis@spike.dor.state.co.us; georgestaigle.mms@midconetwork.com; Glenn.Kepler@mms.gov; kconway@spike.dor.state.co.us; Nagaraja.Kirumakki@mms.gov; nrodriguez@state.nm.us; pshirley@frontiernet.net; Robert.Davidoff@mms.gov; sara.teel@mms.gov; tfisher@washakie.net  
Subject: Guidance and training

When: Friday, December 19, 2003 1:00 PM-2:30 PM (GMT-07:00) Mountain Time (US & Canada).  
Where: Mile high room

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## Barton, Jayne

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**Subject:** FW: Guidance and training  
**Location:** STRAC meeting location

**Start:** Fri 12/12/2003 9:30 AM  
**End:** Fri 12/12/2003 10:30 AM  
**Show Time As:** Tentative

**Recurrence:** (none)

**Meeting Status:** Not yet responded

Rosie, I will need a teleconference set up for this.

I believe certain people will be calling in from here, Mile High Room. Those people might include Brian Johnson, Raj Kirumakki, Sara Tell, Karen Conway, Glenn Keppler.

The rest of us will be calling in from a single location at the STRAC meeting location.

Those that can do neither, will, I assume, be unable to participate.

-----Original Appointment-----

**From:** Burhop, Shirley  
**Sent:** Friday, December 05, 2003 2:24 PM  
**To:** Burhop, Shirley; Fina team  
**Subject:** Guidance and training  
**When:** Friday, December 12, 2003 9:30 AM-10:30 AM (GMT-07:00) Mountain Time (US & Canada).  
**Where:** STRAC meeting location