August 17, 2014

Submitted via www.regulations.gov

Armand Southall

Regulatory Specialist

Office of Natural Resource Revenue

P.O. Box 25165, MS 61030A

Denver, CO 80225-0165

Re: Comments on Proposed Indian Oil Valuation Amendments, RIN 1012-AA15

Dear Mr. Southall:

The valuation of Indian oil is based upon an outdated model. That model being that value is determined based upon cost-sharing. This model does not maximize the oil revenue for Indians. This proposal, though devised with good intentions, does not maximize oil revenues for Indians due to cost-sharing and the Committee's proportional structure. This proposal indicates that the "impact to Indian Lessors would be a net overall increase in royalties… " of $20 million. This is far less than a fair and reasonable amount that would maximize Indian oil revenues.

The Law of Capture indicates that oil is the possession of the entity that extracts the mineral from a tract of land. An oil lease is the vehicle which allows an oil production company the right to extract the mineral from a tract of land. Therefore, at the time of oil production, the oil belongs to the production company. It is at this production point that that Indian value of the oil revenue should be determined. Any concept of cost-sharing from this point forward is monetarily detrimental to the Indian land owner.

The value of the oil at production should be based upon the current NYMEX price at the Cushing, OK market center. The Location and Crude Type Differential (LCTD) should be allowed and it should only capture the difference in value due to location and quality difference between Light Sweet Crude (WTI) and other crude oil types. Further averaging of the NYMEX in relation to determining the LCTD is potentially too volatile. The roll used to determine value of Indian oil in Oklahoma should be eliminated also.

In the age of digital measurement and reporting for oil storage tanks, oil production companies can easily provide daily oil production reports to ONRR. Again this post-production effort would not be a cost burden to the Indian land owner. No storage tank or production well would be exempt from the digital measurement and reporting requirement. This would also ensure the timely marketing of the produced oil and that the production cycle is not interrupted.

In regards to the "Designated Areas," the Muscogee (Creek) Nation and the Seminole Nation should be excluded from the encompassing designated area "Oklahoma," as is Osage County, and they should be given their own "Designated Area" for LCTD determination (if they become a part of this process).

In conclusion, cost –sharing must be eliminated from determining the value of oil produced from Indian land. This can be done by paying the Indian mineral rights owner 25% of the current NYMEX price less the LCTD, elimination of the transportation allowance and any other costs/allowances what so ever. This would give the producer 75% of the value of the oil produced from Indian land. In so doing, ONRR will maximize the revenue of the Indian Mineral Rights-Owner.

Respectfully

Jim Byrd

Talala, OK