



BLACKFEET NATION

OIL & GAS AUDIT DEPARTMENT

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July 14, 2000

David S. Guzy, Chief
Rules and Publications Staff
Minerals Management Service
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P.O. Box 25165
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Dear Mr. Guzy,

Enclosed please find the comments of the Blackfeet Tribe in connection with the proposed amendments to 30 CFR Part 206, which would amend out the time limitations for audits, adjustments and collection activities in 30 CFR § 206.174(1), affecting Indian leases in Montana and North Dakota. The Blackfeet Tribe supports the proposed amendments.

Sincerely,

Earl Old Person, Chairman
Blackfeet Tribal Business Council

Enclosure

**COMMENTS OF THE BLACKFEET TRIBE ON
PROPOSED AMENDMENT TO 30 CFR PART 206
(GAS VALUATION REGULATIONS FOR INDIAN LEASES)**

The Blackfeet Tribe submits these comments on the proposed amendments to Gas Valuation Regulations for Indian Leases published as a proposed rule on June 15, 2000 (65 Fed. Reg. 37504). The proposed amendment eliminates the time limitation on adjustments, audits and collection actions imposed on Indian leases in Montana and North Dakota by 30 CFR §206.174(1). The Blackfeet Tribe sought removal of these limitations, and therefore supports the proposed rule.

Background

The Blackfeet Tribe is a federally recognized Tribe with a large reservation located in north central Montana, just to the east of Glacier National Park. Significant gas production has taken place on the Reservation since the 1930's. Revenues from such production, along with oil production and land leasing, represent the major source of revenue for the Tribe for its many programs and governmental activities.

Comments

As one of the Montana Tribes affected by the time limitations, the Blackfeet Tribe sought removal of the limitations for following reasons:

1. The Indian Gas Valuation regulations which were amended on August 10, 1999 (64 Fed. Reg. 43506), and which took effect on January 1, 2000, imposed greatly reduced time periods for adjustments, audits and collection activities for Indian leases in Montana and North Dakota only. These reduced time periods placed a significant burden on the Blackfeet Tribe, which conducts its own audit program. It would require the Tribe to put aside, postpone or

abandon on-going audits of earlier periods in order to meet the new deadlines. In addition, the shortened time period would affect the ability of the Tribe to do a comprehensive and thorough audit of the type that is usually conducted under the prior regulations, and may make it impossible to conduct the audits within the shortened time period. These factors together would result in lesser revenues for the Tribe. The Tribe also has concerns about whether MMS is prepared to operate under the shortened time periods, operable only in Montana and North Dakota, in order to undertake the necessary review and collection activities, particularly in light of MMS' responsibilities to other Indian lessees. Thus tribal revenues would very likely be affected for this reason as well.

2. Shorter time periods were placed on Indian leases in Montana and North Dakota apparently because these tribes are not in any index area. However, the lack of such an index means that the determination of value will take more time, not less time, in the audit process. Additional time would be required to obtain the necessary data to determine value. Thus the apparent justification for the shorter time period does not actually support the shortened time periods, and in fact, supports a lengthened time period.

3. Under the provisions allowing for tribes and allottees to opt out of the applicable indexes, no shortened time periods are applied to such tribes and allottees who opt out. As indicated in the proposed rule, two tribes and two allottee groups have already opted out. For these tribes and groups who opt out, valuation is determined in the same manner as for Montana and North Dakota tribes, but with no shortened time period for audits, adjustment and collection is imposed. The result is unfair disparate treatment, and corresponding impact on revenues, for the Montana and North Dakota tribes alone.

For these same reasons, the Blackfeet Tribe fully supports the proposed rule which would amend out the time limitations in 30 CFR § 206.174(1). The Tribe also suggests that paragraphs (2), (3) and (4) of 30 CFR §206.174 be removed as they would no longer be necessary if paragraph (1) is removed.