

Forward Header

Subject: Re: Establishing value for Indian oil - Comments
Author: David Hubbard at ~mms-denver-gh-4
Date: 2/19/98 5:02 PM

Dave: So we don't lose track of Donald's comment, will you please include it in the package you send us at the end of the comment period? Thanks,

--Dave

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Subject: Re: Establishing value for Indian oil - Comments
Author: David Hubbard at ~mms-denver-gh-4
Date: 02/19/98 04:59 PM

Although we didn't contemplate sales occurring only once or twice a year, your interpretation is correct about what the proposed rule says. But I think even in the case you cite we would want to tie value to the production month--i.e., the month the production is "saved, sold, or removed."

We will, however, consider your comment when we redraft or finalize the rule.

Reply Separator

Subject: Establishing value for Indian oil - Comments
Author: David Guzy at ~MMS-DENVER-85-1
Date: 02/19/98 08:46 AM

fyi

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Subject: Establishing value for Indian oil - Comments
Author: Donald Dishman at ~MMS-OkCity-Audit
Date: 2/17/98 10:49 AM

David

I looked at the proposed rule for valuing Indian oil. I see a potential problem for those Indian leases where there is only one or two oil sales per year.

Section 206.52 states "(1) The prompt month is the earliest month for which futures are traded on the first day of the month of production. . . ." It appears to me that this section says that when the company

values oil for royalty purposes, the company is to use the prompt month for the production month rather the month when the oil is sold. Is my interpretation wrong or what.