



United States Department of the Interior

MINERALS MANAGEMENT SERVICE

Washington, D.C. 20240

MRM/ONCAM
MS 390G1

NOV 22 2000

Dear Payor:

Subject: Submitting a request for (1) a valuation determination, or (2) an exception to an allowance limit or computation method

Effective October 8, 2000, we implemented a new organization and changed our name from the Royalty Management Program (RMP) to Minerals Revenue Management (MRM). We made this change to coincide with our reengineered business processes and systems that have been evolving since early last year.

We now have two program offices managing the end-to-end compliance and asset management business process for all lease types and products:

- **Onshore Compliance and Asset Management (Onshore CAM)** is responsible for Federal onshore oil and gas leases; Indian oil and gas leases; and all solid mineral and geothermal leases.
- **Offshore Compliance and Asset Management (Offshore CAM)** is responsible for all Federal offshore properties and related royalty production.

This letter provides information that will help you submit your requests and ensure a smooth transition to our new business structure. For more information about our new organization, you can go to the following website: <http://www.rmp.mms.gov/>.

Where do I send my request?

As a general rule, you would send required documentation to the new MRM office responsible for the lease type and/or product in question. All Federal offshore lease requests go to Offshore CAM. For onshore leases, the appropriate office to contact depends on lease type and product (Federal versus Indian oil and gas) or whether the lease involves coal, solid minerals other than coal, or geothermal resources.

The enclosed table identifies the address of the office responsible for processing your request.

What are the applicable regulations?

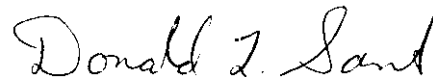
Royalty valuation guidance and related allowance deductions for most lease and product types are found at Title 30, Code of Federal Regulations (CFR), Part 206 (July 1, 2000). The enclosed table lists current 30 CFR Part 206 regulations for requesting a valuation determination or guidance; or an exception to an allowance limit or calculation formula. To review the CFR on the Internet, you can go to the following website:
<http://www.access.gpo.gov/nara/cfr/index.html>.

We have also included the Federal Register (FR) citations for recently amended regulations pertaining to Federal oil and Indian gas in case you don't have access to the latest CFR. You can look up specific FR notices or proposed/final rules at the following website: http://www.access.gpo.gov/su_docs/aces/aces140.html.

We also reference appropriate parts of Title 30, United States Code, Mineral Lands and Mining references, and U.S. Geological Survey guidelines, governing our allowance policy for sodium and potassium (see Lease and Product Type "Solid Minerals Other Than Coal" in the enclosed table).

For additional information, please call Tom Brozovich, Onshore CAM Staff Accountant, at 303-275-7466, or Terri Morzos, Offshore CAM Staff Auditor, at 303-231-3848.

Sincerely,



for Lucy Querques Denett
Associate Director for
Minerals Revenue Management

Enclosure

New Contacts for Minerals Revenue Management (MRM) for Valuation Determination and Allowance Exception Requests

Lease and Product Type	What are the current applicable regulations?		Where do I send my request?	
	Requesting a Royalty Valuation Determination	Requesting an Exception to an Allowance Limit or Computation Method	Royalty Valuation Determination	Exception to Allowance Limit or Computation Method
Federal Oil-Onshore	30 CFR 206.107(a) – See Final Rule: Establishing Oil Value for Royalty Due on Federal Leases (65 FR 14022—March 15, 2000)	<u>Transportation Allowance</u> 30 CFR 206.109(c)(2) – See Final Rule: Establishing Oil Value for Royalty Due on Federal Leases (65 FR 14022—March 15, 2000)	Federal Onshore Oil and Gas CAM PO Box 25165 Mail Stop 390G1 Denver, CO 80225	Federal Onshore Oil and Gas CAM PO Box 25165 Mail Stop 390G1 Denver, CO 80225
Federal Oil-Offshore	Same as above	Same as above	Offshore CAM PO Box 25165 Mail Stop 380B2 Denver, CO 80225	Offshore CAM PO Box 25165 Mail Stop 380B2 Denver, CO 80225
Federal Gas-Onshore	<u>Unprocessed</u> 30 CFR 206.152(g) <u>Processed</u> 30 CFR 206.153(g)	<u>Transportation Allowance</u> 30 CFR 206.156(c)(3) <u>Processing Allowance</u> 30 CFR 206.158(c)(3)	Federal Onshore Oil and Gas CAM PO Box 25165 Mail Stop 390G1 Denver, CO 80225	Federal Onshore Oil and Gas CAM PO Box 25165 Mail Stop 390G1 Denver, CO 80225
Federal Gas-Offshore	Same as above	Same as above	Offshore CAM PO Box 25165 Mail Stop 380B2 Denver, CO 80225	Offshore CAM PO Box 25165 Mail Stop 380B2 Denver, CO 80225
Indian Oil	30 CFR 206.52(g)	<u>Transportation Allowance</u> 30 CFR 206.54(b)(2)	Indian Oil and Gas CAM PO Box 25165 Mail Stop 396B2 Denver, CO 80225	Indian Oil and Gas CAM PO Box 25165 Mail Stop 396B2 Denver, CO 80225
Indian Gas	30 CFR 206.170(c) – See Final Rule: Amendments to Gas Valuation Regulations for Indian Leases (64 FR 43506—August 10, 1999)	<u>Transportation Allowance ONLY (No Provision for Exception to Processing Allowance)</u> 30 CFR 206.177(c)(2) - (64 FR 43506—August 10, 1999)	Same as above	Same as above

Lease and Product Type	What are the current applicable regulations?		Where do I send my request?	
	Requesting a Royalty Valuation Determination	Requesting an Exception to an Allowance Limit or Computation Method	Royalty Valuation Determination	Exception to Allowance Limit or Computation Method
Federal Coal	30 CFR 206.257(f)	<p><u>Washing Allowance</u> No provision for exceptions to claiming reasonable, actual costs for <i>ad valorem</i> leases—30 CFR 206.258(a)</p> <p><u>Transportation Allowance</u> 30 CFR 206.262(b)(3) – You may apply for exception to computing actual costs.</p>	Solids and Geothermal CAM PO Box 25165 Mail Stop 390G1 Denver, CO 80225	Solids and Geothermal CAM PO Box 25165 Mail Stop 390G1 Denver, CO 80225
Indian Coal	30 CFR 206.457(f)	<p><u>Washing Allowance</u> No provision for exceptions to claiming reasonable, actual costs for <i>ad valorem</i> leases—30 CFR 206.457(a)</p> <p><u>Transportation Allowance</u> 30 CFR 206.461(b)(3) – You may apply for exception to computing actual costs.</p>	Same as above	Same as above
Solid Minerals Other Than Coal	No current regulatory provision. However, we accept requests for determination as a matter of policy.	<u>Transportation Allowance</u> Authorized for sodium and potassium, per 30 USC 262 and 282, and 1977 Secretarial guidelines.	Same as above	Same as above
Geothermal	30 CFR 206.352(g) 30 CFR 206.355(g) 30 CFR 206.356(f)	<u>Transportation Allowance</u> Authorized only for geothermal byproducts. No provision exists for requesting exceptions to regulatory methods.	Same as above	Same as above