



United States Department of the Interior

MINERALS MANAGEMENT SERVICE
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Dear Reporter: **(OFFSHORE REPORTERS ONLY)**

Subject: Flash Gas Volumes – Reporting Change on the Oil and Gas Operations Report (OGOR),
Form MMS-4054

This letter notifies you of a change in OGOR reporting for flash gas volumes allocated from onshore sales meters in the Gulf of Mexico OCS Region. Beginning with the March 2004 production month, flash gas attributable to injected condensate and reported on the OGOR-B must be allocated to each well that contributes to the flash gas volume and must also be reported on the OGOR-A.

Currently, flash gas volumes are reported on the OGOR-B but are not required to be reported on the OGOR-A. The injected condensate volumes reported do not include flash gas released from the condensate. Since the flash gas volume has not been included on the OGOR-A, it has been a missing component of the well production volumes reported to MMS.

This change in reporting will provide a more accurate picture of offshore gas production attributable to each producing well. It also allows you to receive the full benefits of the Deep Gas Royalty Relief Provisions, which state, in part, that “The royalty suspension volume applies to the gas production volume as reported on the Oil and Gas Operations Report, Part A (OGOR-A).”

Beginning with the March 2004 production month, the following guidelines apply:

1. Flash gas attributable to injected condensate and reported on the OGOR-B must be allocated to each respective well that contributes to the flash gas volume and must also be reported on the OGOR-A.
2. Flash gas attributable to pipeline (retrograde) condensate will not be reported on the OGOR-B (with the exception of flash gas allocated in the Discovery Pipeline System).
3. Allocated flash gas volumes attributable to injected condensate will continue to be reported on the OGOR-B using Disposition Code 01 (Sales--Subject to Royalty--Measured) if royalty is due, and/or Disposition Code 09 (Sales--Not Subject to Royalty--Measured) if royalty is not due because of royalty relief provisions. The facility/measurement point (FMP) number for the onshore flash gas sales meter must be shown in the “Metering Point Number” column, and the Btu must be shown in the “BTU” column for Disposition Code 01.

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IN AMERICA** 

Dear Reporter

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4. Flash gas can no longer be reported using Disposition Code 42 (Differences/Adjustments) on the OGOR-B (with the exception of the flash gas attributable to pipeline condensate that is allocated in the Discovery Pipeline System).
5. Refer to the enclosure for a listing of all pipeline systems in the Gulf of Mexico OCS Region in which flash gas is being allocated along with specific flash gas reporting instructions for each system.

These reporting changes are not required for production months prior to March 2004.

This letter supersedes previous “Dear Reporter” letters concerning flash gas reporting. If you have questions regarding these changes in the reporting of flash gas volumes, please contact Louise Williams, Minerals Revenue Management, at (303) 231-3439 or Fred Jacobs, Offshore Minerals Management, Gulf of Mexico Region, at (504) 736-2424.

Sincerely,



Louise Williams
Acting Manager, Reporting Services

Enclosure

Paperwork Reduction Act of 1995 (PRA) Statement: The PRA (44 U.S.C. 3501 et seq.) requires us to inform you that we collect this information to accurately determine oil and gas royalties, interest, fines, penalties, fees, deposits, and other payments owed, and to collect and account for such amounts in a timely manner. The MMS uses the information to verify production and disposition data with sales and royalty data. Responses are mandatory (43 U.S.C. 1334). Proprietary information is protected in accordance with standards established by the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1733), the Freedom of Information Act (5 U.S.C. 552(1), (4)), and the Department regulations (43 CFR 2). An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB Control Number. Public reporting burden for this form is estimated to average 15 minutes per report, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to the Information Collection Clearance Officer, Minerals Management Service, Mail Stop 4230, 1849 C Street, NW., Washington, DC 20240.

FLASH GAS REPORTING INSTRUCTIONS

REPORTING SCENARIO #1 – FLASH GAS FROM INJECTED CONDENSATE

If you receive a flash gas allocation for production flowing into one of the following systems, report the allocated flash gas volume for your lease/unit on the OGOR-B using Disposition Code 01 (Sales--Subject to Royalty--Measured) if royalty is due, and/or Disposition Code 09 (Sales--Not Subject to Royalty--Measured) if royalty is not due because of royalty relief provisions. Allocate the flash gas to each respective well which contributes to the flash gas volume (based on the liquid hydrocarbons allocated to each well) and report on the OGOR-A.

MMS Sys No. 0.1	Matagorda Oyster Lake System	Flash Gas FMP: 3042321SS00
MMS Sys No. 0.2	Matagorda Offshore Pipeline System	Flash Gas FMP: 3042391MP00
MMS Sys No. 0.3	Padre Island Pipeline System	Flash Gas FMP: 3142047PN00
MMS Sys No. 0.6	Matagorda Area Gathering System	Flash Gas FMP: 3042057TJ01
MMS Sys No. 1.0	Blue Dolphin Pipeline System	Flash Gas FMP: 3042039L001
MMS Sys No. 2.0	Black Marlin Pipeline System	Flash Gas FMP: 3142167BM00
MMS Sys No. 3.5	Sonat Texas Gathering System	Flash Gas FMP: 3042245UU05
MMS Sys No. 4.5	North HIOS System	Flash Gas FMP: 3017023OO00
MMS Sys No. 5.1	Tennessee Sabine Gathering System	Flash Gas FMP: 3117023SA00
MMS Sys No. 11.1	Gibbstown Terminal System	Flash Gas FMP: 3017023A001
MMS Sys No. 13.0	SOPCO Pipeline System	Flash Gas FMP: 3017023M002
MMS Sys No. 16.0	East White Lake System	Flash Gas FMP: 3017113B001
MMS Sys No. 20.0	Sea Robin Pipeline System	Flash Gas FMP: 3017113BB00
MMS Sys No. 37.0	Grand Isle Commingling System	Flash Gas FMP: 3017051N001

REPORTING SCENARIO #2 – FLASH GAS FROM INJECTED & PIPELINE (RETROGRADE) CONDENSATE

If you receive a flash gas allocation for production flowing into one of the following pipeline (retrograde) condensate systems, report only that portion of the flash gas which is attributable to the injected condensate on the OGOR-B using Disposition Code 01 (Sales--Subject to Royalty--Measured) if royalty is due, and/or Disposition Code 09 (Sales--Not Subject to Royalty--Measured) if royalty is not due because of royalty relief provisions. Allocate this portion of the flash gas to each respective well which contributes to the flash gas volume (based on the liquid hydrocarbons allocated to each well) and report on the OGOR-A. *That portion of the flash gas which is attributable to the pipeline (retrograde) condensate is already included in the royalty-basis gas volume measured by the offshore gas sales meters, and should not be reported on the OGOR.*

MMS Sys No. 0.5	Brazos Pipeline System	Flash Gas FMP: 3042321CC00
MMS Sys No. 8.0	West Cameron 110 System	Flash Gas FMP: 3017023O000
MMS Sys No. 8.1	Stingray-HIOS-TGP Pipeline System	
	BP-operated Gibbstown facility (TGP)	Flash Gas FMP: 3017023A000
	East Cameron 9 & 14	Flash Gas FMP: 3017023A002
	ANR-operated separation facility (HIOS)	Flash Gas FMP: 3017023HI01
	Williams-operated separation facility (UTOS)	Flash Gas FMP: 3117023HI00
	Stingray Pipeline System	Flash Gas FMP: 3017023Y000
MMS Sys No. 23.1	Eugene Island Pipeline System	Flash Gas FMP: 3017101QQ00
MMS Sys No. 24.0	ANR Patterson System	Flash Gas FMP: 3017101XW01
MMS Sys No. 25.0	Trunkline Terrebonne System	Flash Gas FMP: 3017101X000
MMS Sys No. 26.5	Southeast Lateral Pipeline System	Flash Gas FMP: 3017109K000
MMS Sys No. 35.1	Venice Gas Commingling System	Flash Gas FMP: 3017075Q003

REPORTING SCENARIO #3 - EXCEPTION

The following system is the only one in which royalty is due on that portion of the flash gas which is attributable to the pipeline condensate. (This is due to flash gas purchasing arrangements in this system.) If you receive a flash gas allocation for production flowing into this pipeline (retrograde) condensate system, report the flash gas which is attributable to both the injected and pipeline condensate (the volumes should be summed) on the OGOR-B using Disposition Code 01 (Sales--Subject to Royalty--Measured) if royalty is due, and/or Disposition Code 09 (Sales--Not Subject to Royalty--Measured) if royalty is not due because of royalty relief provisions. Use Code 42 (Differences/Adjustments) to report that portion of the flash gas that is attributable to the pipeline condensate – this volume must be negative. Allocate only that portion of the flash gas which is attributable to the injected condensate back to each respective well which contributes to the flash gas volume (based on the liquid hydrocarbons allocated to each well) and report on the OGOR-A.

MMS Sys No. 34.5	Discovery Pipeline System	Flash Gas FMP: 3017057DS00
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Consult with your MRM contact regarding how the flash gas in this system should be reported on MMS Form 2014.