Dear Reporter: (Offshore Reporters Only)

This letter supersedes previous reporting instructions in the Minerals Production Reporter Handbook regarding reporting requirements for buy-back meters located in all Federal OCS waters. (Example 5-36. Offshore—Buy-back meter installed after point of sale, pages 5-140 to 5-142.)

The PASR is no longer required for buy-back meters effective the June 2009 production month.

**Reporting Buy-Back on the OGOR:**

When reporting buy-back scenarios, follow the enclosed examples beginning with the June 2009 production month on your OGOR. You are not required to modify your reports for prior production months. However, if you need to modify prior OGORs for a different reason, follow these new procedures.

Enclosure 1, Example 5-36 (A): Offshore—Buy-back meter installed after point of sale (buy-back volume is less than sales volume).

Enclosure 2, Example 5-36 (B): Offshore—Buy-back meter installed after point of sale (buy-back volume is greater than sales volume).

If you have questions regarding these changes, please contact your MMS company contact at 1-800-525-7922 or [http://www.mrm.mms.gov/ReportingServices/PDFDocs/operasgn.pdf](http://www.mrm.mms.gov/ReportingServices/PDFDocs/operasgn.pdf).

Sincerely,

[Signature]

Louise Williams
Manager, Production Accounting & Verification Services

Enclosures
Example 5-36 (A)  Offshore - Buy-back meter installed after point of sale  
(buy-back volume is less than sales volume)

Key Considerations:
- With OEMM approval, part of the gas/oil measured by the sales meter is purchased 
  (bought back) from the pipeline company and used for the benefit of the 
  lease/agreement (for example, fuel, gas-lift, and/or pigging).

OGOR A:
- Report all wells and total production for the lease/agreement. Buy-back gas/oil 
  should NOT be included in the OGOR A.

OGOR B:
- Report the volume of gas/oil subject to royalty using disposition code 01 (Sales-
  Subject to Royalty - Measured) or gas volume subject to royalty using disposition 
  code 11 (Transferred to Facility). The volume of gas/oil subject to royalty is based on 
  the volume measured by the sales meter minus the volume measured by the buy-back 
  meter.

- For gas, report the volume used as fuel to operate production facilities on the 
  lease/agreement using disposition code 20 (Used on Lease/Agreement) regardless of 
  its origin.

- For oil, report the appropriate adjustment volume for pipeline/facility gain using 
  disposition code 42 (Gathering System Gain or Loss).

- Enter the buy-back volume in the Comment field.

Note: The gas volume statement/run ticket for each sales meter AND buy-back meter must be 
submitted monthly to the appropriate OEMM Regional Office. The monthly gas volume 
statement/run ticket must be submitted even if the volume is zero.
Example 5-36 (A)  Offshore - Buy-back meter installed after point of sale
(buy-back volume is less than sales volume)

Volume of gas measured by the sales meter:  10,000 Mcf
Volume of gas measured by the buy-back meter:  4,000 Mcf
Volume of gas subject to royalty:  6,000 Mcf
Example 5-36 (A) Offshore - Buy-back meter installed after point of sale
(buy-back volume is less than sales volume)

OGOR Fact Sheet

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OGOR-A Detail Information

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<th>Operator Well No.</th>
<th>Well Status Code</th>
<th>Days Produced</th>
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TOTAL Production 200 7000 120

OGOR-B Detail Information

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<th>Gas Plant No.</th>
<th>API Gravity</th>
<th>Btu Content</th>
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TOTAL Disposed 200 7000 120

Authorization Information (completed on first page of each report)

<table>
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<tr>
<th>Contact Name</th>
<th>Bob Smith</th>
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<tbody>
<tr>
<td>Telephone Number</td>
<td>5042365600</td>
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<tr>
<td>Extension Number</td>
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<tr>
<td>Authorizing Name</td>
<td>Bob Smith</td>
</tr>
<tr>
<td>Date</td>
<td>12152008</td>
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<tr>
<td>Comment</td>
<td>Buy-back volume = 4,000 mcf gas</td>
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</table>
Example 5-36 (B)  Offshore - Buy-back meter installed after point of sale  
(buy-back volume is greater than sales volume)

Key Considerations:
- With OEMM approval, all of the gas/oil measured by the sales meter is purchased (bought back) from the pipeline company and used for the benefit of the lease/agreement (for example, fuel, gas-lift, and/or pigging).

OGOR A:
- Report all wells and total production for the lease/agreement. Buy-back gas should NOT be included in the OGOR A.

OGOR B:
- Report the volume of gas/oil measured by the sales meter using disposition code 09 (Sales-Not Subject to Royalty - Measured). This volume of gas/oil is not subject to royalty because the volume measured by the sales meter is less than the volume measured by the buy-back meter and royalty has been paid.

- Report disposition code 13 (Transferred from Facility) to show the volume of buy-back gas/oil brought back. Volume will be shown as a negative.

- For gas, report the total volume used as fuel to operate production facilities on the lease/agreement using the disposition code 20 (Used on Lease/Agreement) regardless of its origin.

- For oil, report the appropriate adjustment volume for pipeline/facility gain using disposition code 42 (Gathering System Gain or Loss).

- Enter the buy-back volume and state the amount is greater than the sales volume in the Comment field.

Note: In this case, the buy-back volume appears on the OGOR-B as a negative number. The gas volume statement/run ticket for each sales meter AND buy-back meter must be submitted to the appropriate OEMM Regional Office. The monthly gas volume statement/run ticket must be submitted even if the volume is zero.
Example 5-36 (B) Offshore - Buy-back meter installed after point of sale
(buy-back volume is greater than sales volume)

Volume of gas measured by the sales meter: 5,000 MCF
Volume of gas measured by the buy-back meter: 12,000 MCF
Example 5-36 (B) Offshore - Buy-back meter installed after point of sale
(buy-back volume is greater than sales volume)

OGOR Fact Sheet

Report Type: Original
Production Month: 102008
MMS Operator Number: F2011
Operator Name: XYZ Company
Operator Lease/Agreement Number: OCS-G 6500
Operator Lease/Agreement Name: WC 24
MMS Lease/Agreement Number: 0540065000
Agency Lease/Agreement Number: OCS-G 6500

OGOR-A Detail Information

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<th>Well Status Code</th>
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TOTAL Production: 200 1000 125

OGOR-B Detail Information

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TOTAL Disposed: 200 1000 125

Authorization Information (Completed on first page of each report)
Contact Name: Bob Smith
Telephone Number: 5042365600
Extension Number:
Authorizing Name: Bob Smith
Date: 12152008
Comment: Buy-back volume = 12,000 mcf gas (greater than sales volume).