



United States Department of the Interior

BUREAU OF OCEAN ENERGY MANAGEMENT, REGULATION, AND ENFORCEMENT

Minerals Revenue Management
P.O. Box 25165
Denver, Colorado 80225-0165

AUG 04 2010

Dear Reporter: **(OFFSHORE REPORTERS ONLY)**

Subject: Flash Gas Volumes – Reporting Changes on the Production Allocation Schedule Report (PASR), Form MMS-4058

This letter supersedes previous “Dear Reporter” letters concerning flash gas reporting and notifies you of reporting changes in how to report the PASR for flash gas volumes allocated from onshore sales meters in the Gulf of Mexico, Outer Continental Shelf Region. You must report flash gas attributable to injected condensate and pipeline condensate for Federal and State production on the PASR. These reporting changes provide a more accurate accounting of the offshore flash gas. There are no reporting changes for the Oil and Gas Operations Report (OGOR), Form MMS-4054.

Currently, you do not report flash gas volumes from State leases on the PASR. Beginning with the **August 2010** production month **due October 15, 2010**, and depending upon the pipeline system in which your production enters, you must report flash gas volumes following the guidelines on the attached Enclosure (Flash Gas Reporting Instructions).

These reporting changes are not required for production months prior to August 2010, unless requested by Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEM).

If you have questions regarding these reporting changes or how to report the flash gas on the PASR, contact Vicky Stafford, Production Accounting and Verification Services at 1-800-525-7922, extension 3388 or (303) 231-3388.

If you have questions regarding reporting flash gas on the OGOR, contact your company representative at http://www.mrm.boemre.gov/FM/Production_Contacts/default.htm.

Sincerely,

Louise Williams
Manager, Production Accounting and
Verification Services
Financial Management

Enclosures

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.

If the table below indicates that a Production Allocation Schedule Report (PASR) is required, the flash gas FMP operator, or its agent or assignee, must submit a PASR showing two detail lines. The detail line must show the volume of flash gas attributable to the injected Federal production which is royalty bearing. The last detail line must show "Other Sources" with the corresponding volume of flash gas attributable to the injected State production which is non royalty bearing. (See Reporting Scenario #1 Example)

BOEM Operation System	System Name	Flash Gas FMP No.	PASR Required
Sys No. 0.1	Matagorda Oyster Lake System	FMP No. 3042321SS00	Yes
Sys No. 0.2	Matagorda Offshore Pipeline System	FMP No. 3042391MP00	Yes
Sys No. 0.3	Padre Island Pipeline System	FMP No. 3142047PN00	No
Sys No. 0.6	Matagorda Area Gathering System	FMP No. 3042057TJ01	Yes
Sys No. 1.0	Blue Dolphin Pipeline System	FMP No. 3042039L001	Yes
Sys No. 2.0	Black Marlin Pipeline System	FMP No. 3142167BM00 *	Yes
Sys No. 3.5	Sonat Texas Gathering System	FMP No. 3042245UU05 **	No
Sys No. 4.5	North High Island System	FMP No. 3017023OO00	Yes
Sys No. 5.0	Pelican Gathering System	FMP No. 3017023O002	No
Sys No. 5.1	Tennessee Sabine Gathering System	FMP No. 3117023SA00	Yes
Sys No. 11.1	Gibbstown Terminal System	FMP No. 3017023A001	No
Sys No. 13.0	Seahawk Gathering System	FMP No. 3017023M002	Yes
Sys No. 16.0	East White Lake System	FMP No. 3017113B001	Yes
Sys No. 37.0	Grand Isle Commingling System	FMP No. 3017051N001	No

* Inactive Status effective January 21, 2009

** Inactive Status effective April 6, 2009

**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.*

The flash gas FMP operator, or its agent or assignee, must submit a PASR showing two detail lines. The detail line(s) must show the volume of flash gas attributable to the injected Federal production which is royalty bearing. The last detail line must show "Other Sources" with the corresponding sum of the flash gas volume attributable to all pipeline condensate (State and Federal) and the flash gas volume attributable to injected State production which is non royalty bearing. (See Reporting Scenario #2 Example)

BOEM Operation System	System Name	Flash Gas FMP No.	PASR Required
Sys No. 0.5	Central Texas Gathering System	FMP No. 3042321CC00	Yes
Sys No. 8.1	Stingray-HIOS-TGP Pipeline System:		
	Harvest-operated separation facility (TGP)	FMP No. 3017023A000	Yes
	ANR-operated separation facility (HIOS)	FMP No. 3017023HI01	Yes
	Williams-operated separation facility UTOS)	FMP No. 3117023HI00	Yes
	Stingray Pipeline System	FMP No. 3017023Y000	Yes
Sys No. 18.0	North Freshwater Bayou Pipeline System	FMP No. 3017113B002	Yes
Sys No. 20.0	Sea Robin Pipeline System	FMP No. 3017113BB00	Yes
Sys No. 23.1	Gulf South Pipeline System	FMP No. 3017101QQ00	Yes
Sys No. 23.5	Nautilus Pipeline System	FMP No. 3017101QQ00 ***	Yes
Sys No. 24.0	ANR Patterson System	FMP No. 3017101XW01	Yes
Sys No. 25.0	Trunkline Terrebonne System	FMP No. 3017101X000	Yes
Sys No. 26.5	Southeast Louisiana Gathering System	FMP No. 3017109K000	Yes
Sys No. 35.1	Venice Gathering System	FMP No. 3017075Q003	Yes
Sys No. 38.5	Port Sulphur Allocation System	FMP No. 3017075PS00	Yes

*** Inactive Status effective December 13, 2004

Note: The following two flash gas FMP Nos. have been terminated:

FMP No. 3017023A002 (East Cameron 9 & 14) effective December 22, 2006

FMP No. 3017023WC00 (West Cameron 110) effective November 19, 2008

REPORTING SCENARIO #3 – DISCOVERY PIPELINE SYSTEM (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.

The flash gas FMP operator, or its agent or assignee, must submit a PASR showing two detail lines. The detail line(s) must show the volume of flash gas attributable to the Federal production (both injected and pipeline condensate) which is royalty bearing. The last detail line must show "Other Sources" with the corresponding volume of flash gas attributable to State production (both injected and pipeline condensate) which is non royalty bearing. (See Reporting Scenario #3 Example)

BOEM Operation System	System Name	Flash Gas FMP No.	PASR Required
Sys No. 34.5	Discovery Pipeline System	FMP No. 3017057DS00	Yes

Consult with your MRM contact regarding how the flash gas in this system should be reported on MMS Form 2014.

U.S. DEPARTMENT OF THE INTERIOR
 Minerals Management Service
 Minerals Revenue Management
**PRODUCTION ALLOCATION
 SCHEDULE REPORT
 (PASR)**

REPORTER USE

MMS USE

Reporting scenario #1
 example: Flash Gas from
 Injected Condensate

REPORT TYPE: <input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> MODIFY (DELETE/ADD BY LINE) <input type="checkbox"/> REPLACE (OVERLAY PREVIOUS REPORT)	PRODUCTION MONTH: (6) MMCCYY 012010	API GRAVITY: (3) 99.9	BTU: (4) 9999 1223
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MMS OPERATOR NUMBER: (5) V9989	OPERATOR NAME: (30) ABC Offshore E&P	OPERATOR FACILITY NAME/LOCATION: (30) Matagorda
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FACILITY/MEASUREMENT POINT NUMBER: (11) 3042399MP09	OUTPUT FACILITY/MEASUREMENT POINT NUM: (11)
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LINE NUMBER	ACTION CODE (1)	OPERATOR/AREA/BLOCK (30)	INJECTOR (Q/G/B)	METERING POINT NUMBER (11)	MMS LEASE/ AGREEMENT NUMBER (11)	VOLUMES
						SALES/TRANSFERS (9)
01	A				0540012340	3587
02	A				0540056780	986
03	A				0540987650	1368
04	A				0540199990	1003
05						
06						
07						
08						
09						
10						
11	A			OTHER SOURCES		350
12				OTHER SOURCES		
TOTAL: (10)						7294

} Flash gas from injected
 Federal production

← Flash gas from injected
 State lease production

CONTACT NAME: (First, M.I., Last) (30)	PHONE NUMBER: (10) () (-)	EXTENSION NUMBER: (5)
AUTHORIZING SIGNATURE:		DATE: (8) MMDDCCYY
COMMENTS: (60)		

U.S. DEPARTMENT OF THE INTERIOR
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**PRODUCTION ALLOCATION
 SCHEDULE REPORT
 (PASR)**

**Reporting scenario #2
 example: Flash Gas from
 Injected & Pipeline
 (Retrograde) Condensate**

REPORTER USE

MMS USE

REPORT TYPE: <input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> MODIFY (DELETE/ADD BY LINE) <input type="checkbox"/> REPLACE (OVERLAY PREVIOUS REPORT)	PRODUCTION MONTH: (6) MMCCYY 012010	API GRAVITY: (3) 99.9	BTU: (4) 9999 1220
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MMS OPERATOR NUMBER: (5) V9989	OPERATOR NAME: (30) ABC Offshore E&P	OPERATOR FACILITY NAME/LOCATION: (30) Sting Ray
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FACILITY/MEASUREMENT POINT NUMBER: (11) 3017123Y009	OUTPUT FACILITY/MEASUREMENT POINT NUM: (11)
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LINE NUMBER	ACTION CODE (1)	OPERATOR/AREA/BLOCK (30)	INJECTOR (O/G/B)	METERING POINT NUMBER (11)	MMS LEASE/ AGREEMENT NUMBER (11)	VOLUMES	
						SALES/TRANSFERS (9)	
01	A				0540021340	2957	
02	A				0540065870	1026	
03	A				0540789560	1386	
04	A				0540111190	723	
05							
06							
07							
08							
09							
10							
11	A			OTHER SOURCES		595	
12				OTHER SOURCES			
TOTAL: (10)							6687

Flash gas from injected
Federal production

Sum of flash gas from
pipeline condensate (State &
Federal) and injected State
lease production

167 mcf of flash gas from pipeline condensate (Federal)
 98 mcf of flash gas from pipeline condensate (State)
 330 mcf of flash gas from injected State lease production
 595 mcf total for "Other Sources"

CONTACT NAME: (First, M.I., Last) (30)	PHONE NUMBER: (10) () () - () ()	EXTENSION NUMBER: (5)
AUTHORIZING SIGNATURE:	DATE: (8) MMDDCCYY	
COMMENTS: (60)		

U.S. DEPARTMENT OF THE INTERIOR
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**PRODUCTION ALLOCATION
 SCHEDULE REPORT
 (PASR)**

REPORTER USE

MMS USE

Reporting scenario #3
 example: Discovery
 Pipeline System

REPORT TYPE: <input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> MODIFY (DELETE/ADD BY LINE) <input type="checkbox"/> REPLACE (OVERLAY PREVIOUS REPORT)	PRODUCTION MONTH: (6) MMCCYY 012010	API GRAVITY: (3) 99.9	BTU: (4) 9999 1198
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MMS OPERATOR NUMBER: (5) V9989	OPERATOR NAME: (30) ABC Offshore E&P	OPERATOR FACILITY NAME/LOCATION: (30) Discovery System
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FACILITY/MEASUREMENT POINT NUMBER: (11) 3017157DS09	OUTPUT FACILITY/MEASUREMENT POINT NUM: (11)
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LINE NUMBER	ACTION CODE (1)	OPERATOR/AREA/BLOCK (30)	INJECTOR (0/GIB)	METERING POINT NUMBER (11)	MMS LEASE/ AGREEMENT NUMBER (11)	VOLUMES
						SALES/TRANSFERS (9)
01	A				0540043210	3842
02	A				0540087650	3157
03	A				0540567890	1386
04	A				0540999910	345
05						
06						
07						
08						
09						
10						
11	A			OTHER SOURCES		685
12				OTHER SOURCES		
TOTAL: (10)						9415

Sum of flash gas from
 Federal production
 injected and Federal
 pipeline condensate

Sum of flash gas from State
 pipeline condensate and
 injected State lease
 production

CONTACT NAME: (First, M.I., Last) (30)	PHONE NUMBER: (10) () () () () () () () () () ()	EXTENSION NUMBER: (5)
AUTHORIZING SIGNATURE:		DATE: (8) MMDDCCYY
COMMENTS: (60)		