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(d) Under 42 U.S.C. 15904–15905, we may suspend royalties for designated volumes of gas production from deep and ultra-deep wells on a lease if:

(1) Your lease is in shallow water (water less than 400 meters deep) and you produce from an ultra-deep well (top of the perforated interval is at least 20,000 feet TVD SS) or your lease is in waters entirely more than 200 meters and entirely less than 400 meters deep and you produce from a deep well (top of the perforated interval is at least 15,000 feet TVD SS);

(2) Your lease is in the designated area of the GOM (wholly west of 87 degrees, 30 minutes west longitude); and

(3) Your lease is not eligible for deep water royalty relief.

[63 FR 2616, Jan. 16, 1998, as amended at 73 FR 69506, Nov. 18, 2008]

§ 203.2 How can I obtain royalty relief?

We may reduce or suspend royalties for Outer Continental Shelf (OCS) leases or projects that meet the criteria in the following table.

If you have a lease . . .	And if you . . .	Then we may grant you . . .
(a) With earnings that cannot sustain production (<i>i.e.</i> , <i>End-of-life lease</i>).	Would abandon otherwise potentially recoverable resources but seek to increase production by operating beyond the point at which the lease is economic under the existing royalty rate.	A reduced royalty rate on current monthly production and a higher royalty rate on additional monthly production. (See §§ 203.50 through 203.56.)
(b) Located in a designated GOM deep water area (<i>i.e.</i> , 200 meters or greater) and acquired in a lease sale held before November 28, 1995, or after November 28, 2000.	Propose an expansion project and can demonstrate your project is uneconomic without royalty relief.	A royalty suspension for a minimum production volume plus any additional production large enough to make the project economic (see §§ 203.60 through 203.79).
(c) Located in a designated GOM deep water area and acquired in a lease sale held before November 28, 1995 (<i>Pre-Act lease</i>).	Are on a field from which no current pre-Act lease produced (other than test production) before November 28, 1995 (<i>Authorized field</i>).	A royalty suspension for a minimum production volume plus any additional volume needed to make the field economic. (See §§ 203.60 through 203.79.)
(d) Located in a designated GOM deep water area and acquired in a lease sale held after November 28, 2000.	Propose a development project and can demonstrate that the suspension volume, if any, for your lease is not enough to make development economic.	A royalty suspension for a minimum production volume plus any additional volume needed to make your project economic (see §§ 203.60 through 203.79).
(e) Where royalty relief would recover significant additional resources or, offshore Alaska or in certain areas of the GOM, would enable development.	Are not eligible to apply for end-of-life or deep water royalty relief, but show us you meet certain eligibility conditions.	A royalty modification in size, duration, or form that makes your lease or project economic (see § 203.80).
(f) Located in a designated GOM shallow water area and acquired in a lease sale held before January 1, 2001, or after January 1, 2004, or have exercised an option to substitute for royalty relief in your lease terms.	Drill a deep well on a lease that is not eligible for deep water royalty relief and you have not previously produced oil or gas from a deep well or an ultra-deep well.	A royalty suspension for a volume of gas produced from successful deep and ultra-deep wells, or, for certain unsuccessful deep and ultra-deep wells, a smaller royalty suspension for a volume of gas or oil produced by all wells on your lease (see §§ 203.40 through 203.49).
(g) Located in a designated GOM shallow water area.	Drill and produce gas from an ultra-deep well on a lease that is not eligible for deep water royalty relief and you have not previously produced oil or gas from an ultra-deep well.	A royalty suspension for a volume of gas produced from successful ultra-deep and deep wells on your lease (see §§ 203.30 through 203.36).
(h) Located in planning areas offshore Alaska.	Propose an expansion project or propose a development project and can demonstrate that the project is uneconomic without relief or that the suspension volume, if any, for your lease is not enough to make development economic.	A royalty suspension for a minimum production volume plus any additional volume needed to make your project economic (see §§ 203.60, 203.62, 203.67 through 203.70, §§ 203.73 and 203.76 through 203.79).

[67 FR 1872, Jan. 15, 2002, as amended at 73 FR 69506, Nov. 18, 2008]

§ 203.3 Do I have to pay a fee to request royalty relief?

When you submit an application or ask for a preview assessment, you must

include a fee to reimburse us for our costs of processing your application or assessment. Federal policy and law require us to recover the cost of services

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that confer special benefits to identifiable non-Federal recipients. The Independent Offices Appropriation Act (31 U.S.C. 9701), Office of Management and Budget Circular A-25, and the Omnibus Appropriations Bill (Pub. L. 104-134, 110 Stat. 1321, April 26, 1996) authorize us to collect these fees.

(a) We will specify the necessary fees for each of the types of royalty relief applications and possible MMS audits in a Notice to Lessees. We will periodically update the fees to reflect changes in costs, as well as provide other information necessary to administer royalty relief.

(b) You must file all payments electronically through the *Pay.gov* Web site and you must include a copy of the *Pay.gov* confirmation receipt page with your application or assessment. The *Pay.gov* Web site may be accessed through a link on the MMS Offshore Web site at: <http://www.mms.gov/off->

shore/ homepage or directly through *Pay.gov* at: <https://www.pay.gov/paygov/>.

[73 FR 49946, Aug. 25, 2008]

§ 203.4 How do the provisions in this part apply to different types of leases and projects?

The tables in this section summarize the similar application and approval provisions for the discretionary end-of-life and deep water royalty relief programs in §§ 203.50 to 203.91. Because royalty relief for deep gas on leases not subject to deep water royalty relief, as provided for under §§ 203.40 to 203.48, does not involve an application, its provisions do not parallel the other two royalty relief programs and are not summarized in this section.

(a) We require the information elements indicated by an X in the following table and described in §§ 203.51, 203.62, and 203.81 through 203.89 for applications for royalty relief.

Information elements	End-of-life lease	Deep water		
		Expansion project	Pre-act lease	Development project
(1) Administrative information report	X	X	X	X
(2) Net revenue and relief justification report (prescribed format)	X			
(3) Economic viability and relief justification report (Royalty Suspension Viability Program (RSVP) model inputs justified with Geological and Geophysical (G&G), Engineering, Production, & Cost reports)		X	X	X
(4) G&G report		X	X	X
(5) Engineering report		X	X	X
(6) Production report		X	X	X
(7) Deep water cost report		X	X	X

(b) We require the confirmation elements indicated by an X in the following table and described in §§ 203.70,

203.81 and 203.90 through 203.91 to retain royalty relief.

Confirmation elements	End-of-life lease	Deep water		
		Expansion project	Pre-act lease	Development project
(1) Fabricator's confirmation report		X	X	X
(2) Post-production development report approved by an independent certified public accountant (CPA)		X	X	X

(c) The following table indicates by an X, and §§ 203.50, 203.52, 203.60 and 203.67 describe, the prerequisites for

our approval of your royalty relief application.

Approval conditions	End-of-life lease	Deep water		
		Expansion	Pre-act lease	Development project
(1) At least 12 of the last 15 months have the required level of production	X			
(2) Already producing	X			