§ 1202.557 Must I pay royalty on insurance compensation for unavoidably lost gas?

If you receive insurance compensation for unavoidably lost gas, you must pay royalties on the amount of that compensation. This paragraph does not apply to compensation through self-insurance.

§ 1202.558 What standards do I use to report and pay royalties on gas?

(a) You must report gas volumes as follows:

1. Report gas volumes and Btu heating values, if applicable, under the same degree of water saturation. Report gas volumes and Btu heating value at a standard pressure base of 14.73 psia and a standard temperature of 60 degrees Fahrenheit. Report gas volumes in units of 1,000 cubic feet (Mcf).

2. You must use the frequency and method of Btu measurement stated in your contract to determine Btu heating values for reporting purposes. However, you must measure the Btu value at least semi-annually by recognized standard industry testing methods even if your contract provides for less frequent measurement.

(b) You must report residue gas and gas plant product volumes as follows:

1. Report carbon dioxide (CO₂), nitrogen (N₂), helium (He), residue gas, and any gas marketed as a separate product by using the same standards specified in paragraph (a) of this section.

2. Report natural gas liquid (NGL) volumes in standard U.S. gallons (231 cubic inches) at 60 degrees F.

3. Report sulfur (S) volumes in long tons (2,240 pounds).

PART 1204—ALTERNATIVES FOR MARGINAL PROPERTIES

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