§ 203.40 Which leases are eligible for royalty relief as a result of drilling a deep well or a phase 1 ultra-deep well?

Your lease may receive an RSV under §§ 203.41 through 203.44, and may receive an RSS under §§ 203.45 through 203.47, if it meets all the requirements of this section.

(a) The lease is located in the GOM wholly west of 87 degrees, 30 minutes West longitude in water depths entirely less than 400 meters deep.

(b) The lease has not produced gas or oil from a well with a perforated interval the top of which is 18,000 feet TVD SS or deeper.

(c) The lease has not commenced drilling either:

(1) Before March 26, 2003, on a lease that is located partly or entirely in water less than 200 meters deep; or

(2) Before May 18, 2007, on a lease that is located in water entirely more than 200 meters and entirely less than 400 meters deep.

(d) Before May 18, 2007, the lease was issued to a lessee that later drilled a deep well or a phase 1 ultra-deep well, and the lessee

(1) has a qualified deep well or qualified phase 1 ultra-deep well, and

(2) before May 18, 2007, the lease was issued to a lessee that later drilled a deep well or a phase 1 ultra-deep well, and the lessee

(1) has a qualified deep well or qualified phase 1 ultra-deep well, and

(2) before May 18, 2007, on a lease that is located partly or entirely in water less than 200 meters deep; or

(3) before May 18, 2007, on a lease that is located in water entirely more than 200 meters and entirely less than 400 meters deep.

(e) The lease terms provide for royalty relief under §§ 203.41 through 203.47.

(f) The lease was issued after May 18, 2007, and the lease terms provide for royalty relief under §§ 203.60 through 203.79.

If your lease has not . . . And if it later . . . Then your lease . . .

<table>
<thead>
<tr>
<th>Condition</th>
<th>Effect of Condition</th>
<th>Royalty Relief</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Producing gas or oil from any deep well or ultra-deep well.</td>
<td>Produces gas or oil from any deep well or ultra-deep well.</td>
<td>Earns an RSV specified in paragraph (b) of this section.</td>
</tr>
<tr>
<td>(2) Producing gas or oil from a well with a perforated interval whose top is 18,000 feet TVD SS or deeper.</td>
<td>Produces gas or oil from a well with a perforated interval whose top is 18,000 feet TVD SS or deeper.</td>
<td>Earns an RSV specified in paragraph (c) of this section.</td>
</tr>
<tr>
<td>Has a qualified deep well or qualified phase 1 ultra-deep well.</td>
<td>Produces gas or oil from a well with a perforated interval whose top is 18,000 feet TVD SS or deeper.</td>
<td>Earns an RSV specified in paragraph (b) of this section.</td>
</tr>
<tr>
<td>Has a qualified deep well with a perforated interval whose top is 18,000 feet TVD SS or deeper.</td>
<td>Produces gas or oil from a well with a perforated interval whose top is 18,000 feet TVD SS or deeper.</td>
<td>Earns an RSV specified in paragraph (c) of this section.</td>
</tr>
</tbody>
</table>

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