

Ocean Energy Management, Interior

§ 560.221

§ 560.211 When does an eligible lease qualify for a royalty suspension volume?

(a) Your eligible lease will receive a royalty suspension volume as specified in the Act. The bidding system in § 560.110(g) applies.

(b) Your eligible lease may receive a royalty suspension volume only if your entire lease is west of 87 degrees, 30 minutes West longitude.

[76 FR 64623, Oct. 18, 2011. Redesignated at 81 FR 18175, Mar. 30, 2016]

§ 560.212 How does BOEM assign and monitor royalty suspension volumes for eligible leases?

(a) We have specified the water depth category for each eligible lease in the final Notice of OCS Lease Sale Package. The Final Notice of Sale is published in the FEDERAL REGISTER and the complete Final Notice of OCS Lease Sale Package is available on the BOEM Web site. Our determination of water depth for each lease became final when we issued the lease.

(b) We have specified in the Notice of OCS Lease Sale the royalty suspension volume applicable to each water depth. The following table shows the royalty suspension volumes for each eligible lease in million barrels of oil equivalent (MMBOE):

Water depth	Minimum royalty suspension volume
(1) 200 to less than 400 meters	17.5 MMBOE.
(2) 400 to less than 800 meters	52.5 MMBOE.
(3) 800 meters or more	87.5 MMBOE.

[76 FR 64623, Oct. 18, 2011. Redesignated at 81 FR 18175, Mar. 30, 2016]

§ 560.213 How long will a royalty suspension volume for an eligible lease be effective?

A royalty suspension volume for an eligible lease will continue through the end of the month in which cumulative production from the leases in a field entitled to share the royalty suspension volume reaches that volume or the lease period ends.

[76 FR 64623, Oct. 18, 2011. Redesignated at 81 FR 18175, Mar. 30, 2016]

§ 560.214 How do I measure natural gas production on my eligible lease?

You must measure natural gas production on your eligible lease subject to the royalty suspension volume as follows: 5.62 thousand cubic feet of natural gas, measured according to 30 CFR part 250, subpart L, equals one barrel of oil equivalent.

[76 FR 64623, Oct. 18, 2011. Redesignated at 81 FR 18175, Mar. 30, 2016]

ROYALTY SUSPENSION (RS) LEASES

§ 560.220 How does royalty suspension apply to leases issued in a sale held after November 2000?

We may issue leases with suspension of royalties for a period, volume or value of production, as authorized in section 303 of the Act. For purposes of this section and §§ 560.121 through 560.124:

(a) Any volumes of production that are not normally royalty-bearing under the lease or the regulations (e.g., fuel gas) do not count against royalty suspension volumes; and

(b) Production includes volumes allocated to a lease under an approved unit agreement.

[76 FR 64623, Oct. 18, 2011. Redesignated at 81 FR 18175, Mar. 30, 2016]

§ 560.221 When does a lease issued in a sale held after November 2000 get a royalty suspension?

(a) We will specify any royalty suspension for your RS lease in the Notice of OCS Lease Sale published in the FEDERAL REGISTER for the sale in which you acquire the RS lease and will repeat it in the lease document. In addition:

(1) Your RS lease may produce royalty-free the royalty suspension we specify for your lease, even if the field to which we assign it is producing.

(2) The royalty suspension we specify in the Notice of OCS Lease Sale for your lease does not apply to any other leases in the field to which we assign your RS lease.

(b) You may apply for a supplemental royalty suspension for a project under 30 CFR part 203, if your lease is located: