

Minerals Management Service, Interior

§ 203.4

(5) Your lease is on a field that did not produce before enactment of the DWRRA, or if you propose a project to significantly expand production under a Development Operations Coordination Document (DOCD) or a supplementary DOCD, that MMS approved after November 28, 1995.

§ 203.2 How can I get 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.e., <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, and acquired in a lease sale before November 28, 1995, or after November 28, 2000, and you propose in a DOCD or supplement to expand production significantly. | Are producing and seek to increase ultimate resource recovery from one or more reservoirs not previously or currently producing on the field or lease, not simply extend recovery of reservoirs that already produced. (<i>Expansion project</i>). | A royalty suspension for 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. | Have not produced and can demonstrate that the suspension volume, if any, in your lease is not enough to make development economic (<i>Development project</i>). | 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, 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.) |

[67 FR 1872, Jan. 15, 2002]

§ 203.3 Why must I pay a fee to request royalty relief?

(a) 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 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. 104-133, 110 Stat. 1321, April 26, 1996) authorize us to collect these fees.

(b) 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.

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

The tables in this section summarize how similar provisions of this part apply in different situations.

(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 | | | |