

BLM WYOMING GUIDANCE ON ROYALTY REDUCTIONS ON HEAVY OIL

1. After the operator's application has been received and reviewed, what should I do?

If acceptable, you will need to send a letter to MMS (with a copy to the Wyoming State Office) containing certain information (see item #2). We also strongly encourage you to write the operator (or applicant) indicating the date the application was received by BLM, that the data has been reviewed or accepted, and the time period covered for the RRR.

If the application contains insufficient information or can not be successfully reviewed, the operator (or applicant) should be contacted by phone to discuss any problems or concerns. If subsequent contact or information does not resolve the problem or concern, contact the Wyoming State Office. If no resolution can be reached, the BLM field office will likely be instructed to issue a decision letter with an appeals paragraph.

2. What information do I need to include on the MMS letter verifying the royalty rate reduction?

MMS needs certain information to be included in the letter (see Attachment 1-2). Basically, you need to supply the Lease/Agreement Number (if in an agreement, specify the unit name and include the BLM agreement number if known, and list each lease affected within the unit), the Operator, the Weighted Average API gravity submitted by the Operator, the Rounded Down API gravity, the Qualifying Period used to calculate the royalty rate, the New Royalty Rate approved, and the Time Period Covered for the new royalty rate.

3. Where do I send the letter?

MMS, with a copy to the Wyoming State Office. If the RRR is in an agreement send a copy to the Reservoir Management Group (RMG) in Casper.

MMS, Royalty Management Program
Compliance Verification Division
product Accountability Branch
P.O. Box 173702
MS 3671
Denver, Colorado 80217-3702
Attn. Pat Shaffer

For the Wyoming State Office send a copy of the letter (make a copy for each lease) to: WY 956/Lease Records

4. Who enters the data on case recordation and how is it done?

The BLM Wyoming field office where the decision is made is responsible for entering the data into case recordation.

For heavy oil royalty rate reductions, use two codes when entering data into ALMRS. 536 - RLTY RATE - OTHER (use the effective date, include the new royalty rate and Operator name), and 625 - RLTY REDUCTION APPV (use decision letter date)

Example			
10/01/96	536	RLTY RATE-OTHER	8.2%; /1/ABC OIL CO.
01/25/97	625	RLTY REDUCTION APPV	/1/

You can also add code 624 - RLTY REDUCTION FILED to record the date you received the application. Use the BLM 066 Dictionary to abbreviate the name of the operator if necessary.

Atch 1-1

For copy of Attachment 1-2 please contact Wyoming State Office Central Files (307) 775-6089 Chart is unscannable