

**UNITED STATES DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE**

NTL No. 2002-N07

Effective Date: July 19, 2002

**NOTICE TO LESSEES AND OPERATORS OF FEDERAL OIL AND GAS LEASES
IN THE OUTER CONTINENTAL SHELF (OCS)**

Reminder of the 20 Percent Set-Aside Provision for Small or Independent Refiners

Under Section (b)(7) of 43 U.S.C 1337 (Section 8(b)(7) of the OCS Lands Act, as amended), each offshore lease issued after September 18, 1978, has a 20 percent small refiner offer provision. Under this provision, lessees must offer small or independent refiners 20 percent of the crude oil, condensate, and natural gas liquids produced on each lease, at the market value and point of delivery applicable to Federal royalty oil. This 20 percent set aside is in addition to the amounts available under the Federal royalty oil program.

Section (b)(7) of 43 U.S.C. 1337 refers to definitions from the former Emergency Petroleum Allocation Act (EPAA) of 1973. The EPAA defined an independent refiner as a refiner who (a) obtained directly or indirectly in the calendar quarter which ended immediately prior to the date of enactment of this Act (November 27, 1973), more than 70 percent of his refinery input of domestic crude oil (or 70 percent of his refinery input of domestic and imported crude oil) from producers who do not control, are not controlled by, and are not under common control with, such refiner; and (b) marketed or distributed in such quarter and continues to market or distribute a substantial volume of gasoline refined by him through branded independent marketers or non-branded independent marketers. The former EPAA defined a small refiner as a refiner whose total refinery capacity (including the refinery capacity of any person who controls, is controlled by, or is under common control with such refiner) does not exceed 175,000 barrels per day.

In order to assist interested refiners, the MMS will make available, in each OCS Region, a listing of producing leases issued after September 18, 1978, with the associated production.

Contacts: If you have any questions on this NTL, you may contact the following MMS Regional representatives:

Gulf of Mexico OCS Region: Mr. Kelly Johnson (504)736-2682

Pacific OCS Region: Ms. Joan Barminski (805) 389-7707

Alaska OCS Region: Mr. Jeff Walker (907) 271-6065

Paperwork Reduction Act of 1995 Statement: This notice is explanatory only and does not impose information collection requirements subject to the Paperwork Reduction Act of 1995.

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Dated

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