

**UNITED STATES DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE
GULF OF MEXICO OCS REGION**

NTL 98-05

Effective Date: July 1, 1998

NOTICE TO LESSEES AND OPERATORS OF FEDERAL OIL AND GAS LEASES
ON THE OUTER CONTINENTAL SHELF, GULF OF MEXICO OCS REGION

Confirmation of Deepwater Royalty Relief for Leases Issued After November 28, 1995

We are issuing this Notice to Lessees and Operators (NTL) in response to questions concerning deepwater royalty relief for “eligible” leases. An eligible lease, as defined in 30 CFR 260.102, is a lease that:

- results from a sale held after November 28, 1995;
- is located in the Gulf of Mexico in water depths 200 meters or deeper;
- lies wholly west of 87 degrees, 30 minutes West longitude; and
- is offered subject to a royalty-suspension volume.

Under 30 CFR 260.110(d)(1), an eligible lease may receive a royalty-suspension volume only if the lease is in a field where no current lease produced oil or gas (other than test production) before November 28, 1995. In order to make such a determination, the Minerals Management Service Field Naming Committee will need to have completed the process of placing the lease in a field. This process begins when a well on the lease is qualified as capable of producing in paying quantities under 30 CFR 250.111 (formerly 30 CFR 250.11). Therefore, we encourage operators of eligible leases to submit the information needed to qualify a well as capable of producing in paying quantities to the Office of Field Operations in a timely manner prior to production.

In addition, operators may want to verify with the Office of Production and Development that royalty relief applies to the lease/field upon the commencement of production in order to determine if royalty payments are required.

Please direct any questions concerning this matter to Mr. Kevin J. Karl at (504) 736-2632.

Paperwork Reduction Act of 1995 Statement: The collection of information referred to in this notice provides clarification, description, or interpretation of requirements contained in 30 CFR 250, Subpart A. The Office of Management and Budget (OMB) has approved the collection of information required by these regulations and assigned OMB control number 1010-0030.

This notice does not impose additional information collection requirements subject to the Paperwork Reduction Act of 1995.

A handwritten signature in black ink that reads "Chris C. Oynes". The signature is written in a cursive style with a large initial "C" and a distinct "Oynes" ending.

June 26, 1998
Date

Chris C. Oynes, Regional Director