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[4335-30]

DEPARTMENT OF THE INTERIOR

Office of Natural Resources Revenue

[Docket No. ONRR-2011-0002; DS63610000 DR2000000.CH7000 178D0102R2]

States' Decisions on Participating in Accounting and Auditing Relief for Federal Oil and Gas Marginal Properties

AGENCY: Office of Natural Resources Revenue (ONRR), Interior.

ACTION: Notice.

SUMMARY: Final regulations that ONRR published on September 13, 2004 (69 FR 55076) provide two types of accounting and auditing relief for Federal onshore or Outer Continental Shelf lease production from marginal properties. As the regulations require, for each calendar year ONRR provides, by October 31 preceding the calendar year, a list of qualifying marginal Federal oil and gas properties to States that receive a portion of Federal royalties. Each State then decides whether to participate in one or both relief options. For calendar year 2017, we provide in this notice the affected States' decisions to allow one or both types of relief.

DATE: Effective January 1, 2017.

FOR FURTHER INFORMATION CONTACT: Lindsay Goldstein, Economic and Market Analysis Office, at (303) 231-3301; or email at lindsay.goldstein@onrr.gov.

SUPPLEMENTARY INFORMATION: The regulations, codified at 30 CFR part 1204, subpart C, implement certain provisions of section 7 of the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (RSFA) (30 U.S.C. 1726), which allows States to relieve the lessees of marginal properties from certain reporting, accounting, and

auditing requirements. States make an annual determination of whether or not to allow relief. Two options for relief are provided: (1) Notification-based relief for annual reporting and (2) other requested relief, as industry proposed and ONRR and the affected State approved. The regulations require ONRR to publish by December 1 of each year a list of the States and their decisions regarding marginal property relief.

To qualify for the first relief option (notification-based relief) for calendar year 2016, properties must produce less than 1,000 barrels-of-oil-equivalent (BOE) per year for the base period (July 1, 2014, through June 30, 2015). Annual reporting relief will begin January 1, 2017, with the annual report and payment due February 28, 2018, or March 31, 2018, if you have an estimated payment on file. To qualify for the second relief option (other requested relief), the combined equivalent production of the marginal properties during the base period must equal an average daily well production of less than 15 BOE per well, per day calculated under 30 CFR 1204.4(c).

The following table shows the States that have qualifying marginal properties and the States' decisions to allow one or both forms of relief.

State	Notification-based relief (less than 1,000 BOE per year)	Request-based relief (less than 15 BOE per well per day)
Alabama	No	No
Arkansas	Yes	Yes
California	No	No
Colorado	No	No
Kansas	No	No
Louisiana	Yes	Yes
Michigan	Yes	Yes
Mississippi	No	No
Montana	No	No
Nebraska	No	No
Nevada	No	No
New Mexico	No	Yes
North Dakota	No	No
Oklahoma	Yes	Yes
South Dakota	No	No

State	Notification-based relief (less than 1,000 BOE per year)	Request-based relief (less than 15 BOE per well per day)
Utah	No	No
Wyoming	Yes	No

Federal oil and gas properties located in all other States where ONRR does not share a portion of Federal royalties with the State are eligible for relief if they qualify as marginal under the regulations (see section 117(c) of RSFA, 30 U.S.C. 1726(c)). For information on how to obtain relief, please refer to 30 CFR 1204.205 or to the published rule, which you may view at

http://www.onrr.gov/Laws_R_D/FRNotices/PDFDocs/55076.pdf.

Unless the information that ONRR received is proprietary data, all correspondence, records, or information that we receive in response to this notice may be subject to disclosure under the Freedom of Information Act (FOIA) (5 U.S.C. 552 *et seq.*). If applicable, please highlight the proprietary portions, including any supporting documentation, or mark the page(s) that contain proprietary data. We protect the proprietary information under the Trade Secrets Act (18 U.S.C. 1905), FOIA Exemption 4 (5 U.S.C. 552(b)(4)), and the Department of the Interior's FOIA regulations (43 CFR part 2).

Dated: December 13, 2016.

Gregory J. Gould

Director, Office of Natural Resources Revenue

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