



[4335-30]

DEPARTMENT OF THE INTERIOR

Office of Natural Resources Revenue

[Docket No. ONRR-2018-0002; DS63644000 DR2000000.CH7000 189D0102R2]

RIN 1010-AC09

Market Centers for Use in Applying Royalty Valuation Regulations for Federal Oil

AGENCY: Office of the Secretary, Office of Natural Resources Revenue, Interior.

ACTION: Notice of proposed modifications; request for comments.

SUMMARY: The Office of Natural Resources Revenue (ONRR) is inviting comments on proposed modifications to the list of existing market centers that royalty payors use to value oil produced from Federal leases. This proposed modification is applicable to those valuing Federal oil production using NYMEX prices or ANS spot prices.

DATES: You must submit your written comments on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

ADDRESSES: You may submit comments on this notice to ONRR by using one of the following three methods. Please reference “ONRR-2018-0002” in your comments.

- Electronically go to <http://www.regulations.gov>. In the entry titled “Enter Keyword or ID,” enter “ONRR-2018-0002,” then click “Search.” Follow the instructions to submit public comments. ONRR will post all comments.
- Mail comments to Mr. Armand Southall, Regulatory Specialist, ONRR, P.O. Box 25165, MS 64400B, Denver, Colorado 80225-0165.
- Hand-carry or mail comments using an overnight courier service to ONRR. Our courier address is Building 85, Entrance N-1, Denver Federal Center, West 6th Avenue and

Kipling Street, Denver, Colorado 80225. Visitor parking is available in the north parking lot near Entrance N-1, which is the only entrance on the north side of Building 85. To request service, please use the courtesy phone and call Janet Giron at (303) 231-3088.

FOR FURTHER INFORMATION CONTACT: For questions on technical issues, contact Mr. Robert Sudar, Market and Spatial Analytics, CEVA, ONRR, telephone (303) 231-3511 or email to *Robert.Sudar@onrr.gov*. For other questions, contact Mr. Armand Southall, telephone (303)231-3221, or email to *Armand.Southall@onrr.gov*.

SUPPLEMENTARY INFORMATION: ONRR publishes a list of market centers for use in Federal oil valuation calculations under 30 CFR 1206.112. This regulation applies to payors who are applying adjustments and transportation allowances when Federal oil production is valued using NYMEX prices or ANS spot prices. Under § 1206.113, ONRR will monitor market activity and, if necessary, add to or modify the list of market centers. ONRR last published the list of market centers in the **Federal Register** on June 20, 2000 (65 FR 38299). Under § 1206.113, ONRR will consider the following factors and conditions in specifying market centers:

1. Points where ONRR-approved publications publish prices useful for index purposes;
2. Markets served;
3. Input from Industry and others knowledgeable in crude oil marketing and transportation;
4. Simplification; and
5. Other relevant matters.

ONRR is seeking comments on its proposal to modify the list of market centers and the oil types at each location as listed below:

Proposed New Market Centers	
Market Center Location	Oil Types

Nederland, Texas	Southern Green Canyon
Clovelly, Louisiana	Thunder Horse
Houston, Texas	Light Sweet
Clearbrook, Minnesota	Bakken Blend
Guernsey, Wyoming	Bakken Blend
Guernsey, Wyoming	Wyoming Sweet
Existing Market Centers to be removed	
Market Center Location	Oil Types
San Francisco, California	Alaska North Slope
Saint James, Louisiana	Eugene Island
Existing Market Centers to remain unchanged	
Market Center Location	Oil Types
Cushing, Oklahoma	West Texas Intermediate
Midland, Texas	West Texas Intermediate
Midland, Texas	West Texas Sour
Saint James, Louisiana	Light Louisiana Sweet
Saint James, Louisiana	Bonito Sour
Empire, Louisiana	Heavy Louisiana Sweet
Clovelly, Louisiana	MARS Blend
Houma, Louisiana	Poseidon
Multiple locations, US	
West Coast	Alaska North Slope

For supplementary information on these proposed market center locations, please visit <https://www.onrr.gov/Valuation/pdfdocs/Crude-Oil-Market-Centers-Map.pdf>.

Before making this proposal final, ONRR seeks comments. We are especially interested in comments from Industry and others knowledgeable in crude oil marketing and transportation that addresses the following issues: (1) whether ONRR should reconsider the proposed new market centers based on the five factors specified in § 1206.113; (2) whether ONRR should reconsider removing the market centers proposed for removal based on the five factors specified in § 1206.113; (3) whether ONRR should reconsider modifying or removing the market centers proposed to remain unchanged based on the five factors specified in § 1206.113; and (4) whether ONRR should consider adding any other market centers based on the five factors specified in §

1206.113.

ONRR will post all comments, including names and addresses of respondents at <http://www.regulations.gov>. We will include or summarize each comment when finalizing any modifications to the market centers list. Before including your address, phone number, email address, or other personal identifying information in your comment, you should be aware that your entire comment—including your personal identifying information—may be made publicly available at any time. While you can ask us in your comment to withhold your personal identifying information from public review, we cannot guarantee that we will be able to do so.

Authorities: 30 CFR 1206.113

Gregory J. Gould,
Director for Office of Natural Resources Revenue.

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