



DEPARTMENT OF THE INTERIOR

Office of Natural Resources Revenue

[Docket No. ONRR-2011-0002; DS63644000 DRT000000.CH7000 201D1113RT]

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

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

ACTION: Notice.

SUMMARY: Office of Natural Resources Revenue (ONRR) regulations provide two types of accounting and auditing relief for Federal onshore or Outer Continental Shelf lease production from marginal properties. Each year, ONRR provides a list of qualifying marginal Federal oil and gas properties to States that receive a portion of Federal royalties from those properties. Each State then decides whether to participate in relief, and if so, whether to allow one or both relief options. For calendar year 2020, ONRR provides this notice of the affected States' decision regarding whether relief should be allowed and, if so, which type of relief will be allowed.

DATES: Effective January 1, 2021.

FOR FURTHER INFORMATION CONTACT: Mr. Robert Sudar, Market and Spatial Analytics, Coordination, Enforcement, Valuations, and Appeals Division, ONRR, at (303) 231-3511; or email to Robert.Sudar@onrr.gov.

SUPPLEMENTARY INFORMATION: The regulations, codified under 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 (30 U.S.C. 1726), which allows States to relieve the lessees of marginal properties from certain reporting, accounting, and auditing requirements. Each State makes an annual determination as to whether to allow relief, and if so, what types. Two relief options are authorized: (1) Notification-based royalty report and payment relief which, if selected, allows lessees or designees to forgo filing monthly reports and making monthly

royalty payments and, instead, to file one annual royalty report and make one annual royalty payment, and (2) other requested appropriate accounting and auditing relief, as proposed by lessees or designees and approved by ONRR, after consultation with the affected State(s). The regulations require ONRR to publish, no later than 30 days before the beginning of the calendar 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 2021, properties must produce less than 1,000 barrels-of-oil-equivalent (BOE) per year for the base period (July 1, 2019 through June 30, 2020). Annual reporting relief will begin January 1, 2021, with the annual report and royalty payment due February 28, 2022, or March 31, 2022, 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, as calculated under 30 CFR 1204.4(c).

The following table lists the States with qualifying marginal properties and each State's decision as to the relief options it will allow in calendar year 2021. An "N/A" means that the State did not provide ONRR its decision and, accordingly, no relief will be allowed to lessees in that State.

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	N/A	Yes
California	No	No
Colorado	No	No
Kansas	No	No
Louisiana	Yes	Yes
Michigan	Yes	Yes
Mississippi	No	No
Montana	No	No
Nebraska	N/A	No
Nevada	N/A	Yes
New Mexico	No	Yes
North Dakota	N/A	Yes
Oklahoma	No	No
South Dakota	Yes	Yes
Utah	No	No
Wyoming	Yes	No

A Federal oil and gas property located in a State where ONRR does not share a portion of Federal royalties with the State is eligible for relief if the property qualifies as marginal under 30 U.S.C. 1726(c). For information on how to obtain relief, please refer to 30 CFR 1204.205, viewable at <https://www.ecfr.gov/>.

Unless the information ONRR receives is proprietary data, all correspondence, records, or information that ONRR receives 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 any proprietary portions, including any supporting documentation, or mark the page(s) containing proprietary data. We protect 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).

Authority: Federal Oil and Gas Royalty Management Act of 1982, 30 U.S.C. 1701 *et seq.*, as amended by Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (RSFA, Pub. L. 104-185—Aug. 13, 1996, as corrected by Pub. L. 104-200—Sept. 22, 1996).

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Director for the Office of Natural Resources Revenue.

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