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MMS Proposes Changes to Improve Natural Gas Valuation for Indian Leases

The U.S. Department of the Interior's Minerals Management Service (MMS) today published proposed changes that would amend current regulations used to determine valuation and, therefore, royalties paid to Indian tribes and allottees for natural gas produced from Indian leases. The notice appears in the September 23 Federal Register.

MMS Director Cynthia Quarterman said the proposed regulations would add alternative methods of valuation to the means the agency presently uses to determine the basis for royalties. "The proposed rule provides for value to be based on factors including the highest price paid or offered for a major portion of natural gas at the time royalty payments are due," she said. "Most valuation would be based on published index prices for natural gas production from leases on Indian reservations."

The proposal reflects recommendations made by the MMS Indian Gas Valuation Negotiated Rulemaking Committee, a 19-member team comprised of representatives from affected Indian tribes, Indian allottee associations, industry and the federal government.

"We believe these changes will help assure that Indian mineral lessors receive all of the revenues due them from natural gas resources on their lands," declared Quarterman.

Comments on the proposed regulations are due by November 25, and should be sent to David Guzy, Royalty Management Program, MMS, PO Box 25165, MS 3101, Denver, CO 80225-0165; by fax: (303) 231-3194; or E-Mail: David_Guzy@smtp.mms.gov.

MMS is the federal agency that manages the Nation's natural gas, oil and other mineral resources on the Outer Continental Shelf, and collects, accounts for, and disburses about \$4 billion yearly in revenues from offshore federal mineral leases and from onshore mineral leases on federal and Indian lands.

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