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MMS Proposes Accounting and Auditing Relief for Marginal Oil and Gas Properties

The U.S. Department of the Interior's Minerals Management Service (MMS) is proposing new regulations that will provide royalty accounting and auditing relief to leaseholders of marginal oil and gas properties on Federal lands.

Appearing in tomorrow's edition of the [Federal Register](#), the proposed regulations implement specific provisions of the Federal Oil and Gas Royalty Simplification and Fairness Act (RSFA) of 1996. The proposed rule will also be posted on the MMS website at <http://www.mms.gov> under "What's New."

"Generally, marginal properties are leases that produce, on average, the combined equivalent of less than 15 barrels of oil per well, per day, or 90 thousand cubic feet of gas per well, per day," explained MMS Director Cynthia Quarterman. "Our purpose in providing relief for marginal properties is to promote production, reduce administrative costs, and increase revenues to the states and the federal government."

Participants from industry organizations and federal and state agencies participated in public workshops and were instrumental in developing the proposed rule. Quarterman added, "The proposed regulations include six specific options that will reduce reporting requirements, provide audit relief, and allow for the use of alternative valuation methods. Upon implementation of the various relief options, marginal property lessees should experience savings in both time and money."

For consideration in the final rule's determination, written comments must be received by March 22. They should be mailed to David Guzy, Minerals Management Service, Royalty Management Program, Rules and Publications, P.O. Box 25165, MS 3021, Denver, CO 80225-0165. He may also be reached by phone at (303)231-3432, or comments may be emailed to: RMP.comments@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 \$6 billion in revenues each year from Federal offshore mineral leases and from onshore mineral leases on Federal and Indian lands.

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