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MMS Changes Indian Gas Valuation Regulations

The U.S. Department of the Interior's Minerals Management Service (MMS) is changing the regulations for valuing natural gas produced on American Indian lands.

Published in today's *Federal Register*, the final rule makes several significant changes to valuation methods. One of these changes is the use of published index prices for valuing gas produced from many American Indian leases. Another change is a new alternative for valuing American Indian gas that is processed through a gas processing plant. Both of these changes will improve compliance with the unique terms of their mineral leases.

"The Department of the Interior's trust responsibilities compel us to develop a mineral leasing program which provides the highest possible financial return to Indian mineral owners," remarked MMS Director Walt Rosenbusch. "I believe the new regulations help fulfill those trust responsibilities and ensure the American Indians receive the maximum revenues from their mineral resources. The rule will also improve the accuracy of royalty payments and simplify much of the industry's administrative burden of complying with the lease terms."

The rule will become effective January 1, 2000, to allow companies sufficient time to comply with the new provisions. It was developed with recommendations from the Indian Gas Valuation Negotiated Rulemaking Committee, formed in 1995. The Committee consisted of membership from several tribes and allottee associations, industry trade associations, the MMS, and the Bureau of Indian Affairs. "The negotiated rulemaking process was lengthy and extensive," said Rosenbusch. "I appreciate the comprehensive work efforts put forth by the Committee as this important rule was developed."

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 last year disbursed about $6 billion in revenues from federal offshore mineral leases and from onshore leases on federal and American Indian lands. More than $191 million in revenues was distributed to Indian tribes and individual allottees.

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