

**U.S. Department of the Interior
Minerals Management Service
Office of Communications**

NEWS RELEASE

FOR RELEASE:

November 23, 1999

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MMS Will Repropose Oil Rules

Today, the Department of the Interior's Minerals Management Service (MMS) announced plans to repropose the rule for valuing oil produced from Federal lands. MMS expects to publish the further supplementary proposed rule by mid-January and a final rule in March 2000.

MMS will hold additional public workshops in the latter part of January to discuss the proposal. Details of the workshops will be announced in the Federal Register as soon as the arrangements have been made.

The announcement, made by MMS Director Walt Rosenbusch, came during a meeting in Albuquerque, New Mexico, with Senator Jeff Bingaman and a group of independent oil and gas producers.

Director Walt Rosenbusch explained the reasons for the new proposal. "I believe there are several reasons for issuing the proposed rule. First, it will provide all interested parties a look at the current direction of our rule. Second, it will provide a forum for discussing several important issues that were raised during the most recent workshops. Third, it will give the public an opportunity to comment on changes that will be proposed."

In the recently passed appropriations bill for Interior, Congress extended the moratorium on publishing final oil valuation rules until March 15, 2000. "We want to acknowledge the leadership of Senator Barbara Boxer and Representative Carolyn Maloney on this issue to protect the interests of the American taxpayer. Through their efforts, the Department will now be able to move forward with a final rule" commented Rosenbusch.

Rosenbusch added, "MMS hopes to productively use the time between now and next spring to resolve several remaining issues. We intend to finalize the rule soon after the moratorium expires. The further exchange of views during this comment period will be helpful in bringing closure to this very important subject."

MMS also intends to repropose the rule for valuing oil on Indian lands. The agency plans to issue a supplemental proposal in December, hold an additional workshop, and publish a final rule by April 2000.

The oil valuation rules will simplify and improve the procedures for determining the royalty value of oil produced from Federal and Indian lands while ensuring the taxpayer gets fair market value for its resources and fulfilling the Department's trust responsibilities to Indians. According to an analysis completed in 1997, the MMS estimated that revisions to the oil valuation rules will bring an additional \$66 million in royalties on Federal leases and \$4 million on Indian leases.

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 mineral leases on federal and Indian lands.

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