

The NewsRoom

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MMS Proposes Bonus or Royalty Credits for Relinquishing Eligible Leases

Certain Leases Offshore Florida Eligible for Credit Exchange for Use in Gulf of Mexico

WASHINGTON □ The U.S. Department of the Interior's Minerals Management Service (MMS) is proposing to amend its regulations to provide a credit to lessees who relinquish certain eligible leases in the Gulf of Mexico. The amended regulations will also define the eligible leases and establish how those credits may be used. This proposed rule for oil and gas leases on the Outer Continental Shelf was mandated by the Gulf of Mexico Energy Security Act of 2006.

The Act mandated that there be a moratorium on oil and gas leasing and any related activity in any part of the Eastern Planning Area that is within 125 miles of the coastline of the State of Florida and a portion of the Central Planning Area that is within 100 miles of the coastline of Florida. It also allowed for the exchange of existing leases in these areas for bonus or royalty credit to be used for leases in the Gulf of Mexico.

"We are confident that these amendments to the regulations will allow for an efficient exchange of the leases for credit and help to promote the oil and gas operators' continued development of energy production in the Gulf of Mexico," said MMS Director Randall Luthi.

The [proposed rule](#) would provide a credit equal to the bonus bid originally paid plus subsequent rental payments to lessees who relinquish leases within the specified areas. Lessees may also use the credits in lieu of monetary payment for either a lease bonus bid or royalty due on oil and gas production from most other leases in the Gulf of Mexico or transfer the credits to other parties for use as bonus bid or royalty payments due on most Gulf of Mexico leases.

MMS is accepting comments on the proposed rule for the next 60 days. Comments must be identified with RIN 1010-AD44 in the subject line, and will be accepted via one of the following methods through April 1, 2008.

- Federal eRulemaking Portal
- Mail or hand-carry:

Minerals Management Service
Attention: Regulations and Standards Branch (RSB)
381 Elden Street, MS-4024
Herndon, Virginia 20170-4817

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[MMS: Securing Ocean Energy & Economic Value for America](#)
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