



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

NEWS RELEASE

FOR RELEASE:

October 22, 1998

CONTACT: [Anne-Berry Wade](#)
(202) 208-3985

Barney Congdon
(504)736-2595

**MMS SCHEDULES WORKSHOP ON GATHERING AND TRANSPORTATION CRITERIA FOR DEEP
WATER SUBSEA WELLS**

The Department of the Interior's Minerals Management Service (MMS) will hold a workshop to discuss deep water lease development that may involve subsea well completions. The agency is interested in developing specific criteria to distinguish between gathering and transportation to determine allowable deductions in calculating royalty value.

The workshop is scheduled for November 16, 1998, at 9:00 a.m., central time, at the MMS Regional Office, 1201 Elmwood Park Blvd., New Orleans, Louisiana, 70123.

The MMS is considering the impact of deep water production systems on the distinction between gathering and transportation. While current MMS regulations provide an allowance for the actual and reasonable costs of transporting production when value for royalty purposes is determined away from the lease, no allowance is permitted for gathering (movement to a central accumulation and/or treatment point).

Recent deep water development technologies and their relation to gathering and transportation are not specifically outlined in current regulations. Based upon discussions with industry, the agency is seeking comments on water depth, distance of movement, location of the approved measurement point, marketable condition of the production, on-lease versus off-lease movement, and other criteria that should be used when making the gathering/transportation differentiation for deep water 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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MMS Internet website address: <http://www.mms.gov>
24 hour Fax-on-Demand Service:(202) 219-1703