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MMS SEEKS COMMENTS ON PROPOSAL TO IMPROVE BIDDING SYSTEMS

The Department of the Interior's Minerals Management Service (MMS) is seeking comments on a proposed rule that would change the bidding systems for newly issued federal offshore leases.

The MMS proposal would:

- permit minimum royalty rates lower than the current 12.5 percent;
- allow operating allowances (e.g., certain production costs) to be included in determining receipts subject to royalty;
- suspend or defer royalty obligations for periods of time, or for volumes or values of production; and,
- allow product price to be included in formulas used in calculating royalty rates for certain periods of time.

The proposed rule does not affect existing leases.

"Consistent with our approach to treating our constituents as business partners in decisions that affect them, we presented the proposal at two workshops held earlier this summer," said MMS Director Cynthia Quarterman. "We believe the increased flexibility this proposal offers will be mutually beneficial.

"This proposed rulemaking results from a review of alternative leasing policies conducted by MMS as part of the Vice President's Reinventing Government initiative. It provides the Secretary of the Interior the flexibility to improve the way MMS provides service to its customers and its ability to manage federal offshore oil and gas resources for the benefit of the public," said Quarterman.

Comments on the proposed rule must be received or postmarked no later than October 24, 1995, to be considered in this rulemaking.

Comments should be addressed to the Department of the Interior; Minerals Management Service; 381 Elden Street; Mail Stop 4700; Herndon, Virginia 22070-4817; Attention: Chief, Engineering and Standards Branch. For additional information, contact: Marshall Rose, Chief, Economic Evaluation Branch, (703) 787-1536.

MMS is the federal agency that manages the nation's natural gas, oil and other mineral resources on the Outer Continental Shelf, and collects and disburses about \$4 billion yearly in revenues from offshore federal mineral leases and from onshore mineral leases on federal and Indian lands.

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