

The NewsRoom

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Comments Sought on Proposed Indian Oil Rule

DENVER – Public comments are being sought on a new proposed Indian Oil Valuation Rule that would guide the valuation of crude oil produced from American Indian oil and gas leases.

The new proposed rule, published in the Federal Register today, was developed by the Department of the Interior's Minerals Management Service (MMS) following several public workshops and consultations with American Indian Tribes. The new proposed rule can be accessed on the web at the link below.

MMS will review and consider all comments on the proposed rule before publishing a final rule, expected in the mid-2006 timeframe. The new rule will replace the existing 1988 Indian Oil Valuation Rule and will focus on adding more certainty to the valuation of oil produced from Indian lands--eliminating reliance on oil posted prices--and addressing the unique terms of Indian (Tribal and allotted) leases, specifically, the "major portion" provision, which is calculated on the basis of the highest price paid or offered at the time of production for the major portion of oil produced from the same field.

Before developing the proposed Indian Oil Valuation Rule, MMS held public workshops in Oklahoma, New Mexico and Montana. MMS also conducted Tribal consultations in Window Rock, AZ; Fort Duchesne, UT; Fort Washakie, WY; Muskogee, OK; and Anadarko, OK.

The proposed rule would assist MMS in establishing fair market value, encouraging continued exploration and development on Indian land, complying with the unique Indian lease terms, and protecting the Indian Trust asset with long-term economic benefits and sustainability.

The changes in the proposed rule would also improve the regulatory framework so that information is available which would permit lessees to comply with the regulatory requirements at the time royalties are due.

Persons who wish to comment on the new proposed rule should mail their comments to: Minerals Management Service, Minerals Revenue Management, P.O. Box 25165, MS 302B2, Denver, CO 80225; or send them electronically to the address listed below.

MMS, an agency of the U.S. Department of the Interior, manages offshore oil and gas exploration as well as renewable and alternative energy sources such as wind, wave, and solar on 1.76 billion acres of the Outer Continental Shelf while protecting the human, marine, and coastal environments. The OCS provides 30 percent of oil and 21 percent of natural gas produced domestically, and sand used for coastal restoration. MMS collects, accounts for, and disburses mineral revenues from Federal and American Indian lands, and contributes to the Land and Water Conservation Fund and other special use funds, with Fiscal Year 2005 disbursements of approximately \$9.9 billion and more than \$153 billion since 1982.

Relevant Web Sites:

[Proposed Rule](#)

[Submit Comments Electronically](#)

[MMS Main Website](#)

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