



NEWS RELEASE

U.S. Department of the Interior
Minerals Management Service
Office of Public Affairs

For Release: Sept 29, 2005
Release: 3359

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MMS offers reporting, payment relief in wake of hurricanes

DENVER – The Minerals Management Service (MMS) published a final rule in the Federal Register today granting an extension of time for reporting and payment of royalties to oil and gas producers adversely impacted by Hurricanes Katrina and Rita.

The rule published today extends the due dates for monthly royalty payments and reports, and monthly operations reports for Federal oil and gas lessees, for royalty payors and operators whose operations were disrupted by one or both of the hurricanes. Extending the due date for royalty payments means that late payment interest will not accrue for the period between the original due date and the new due date established by the new rule. The final rule can be viewed on the MMS web site at:

<http://a257.g.akamaitech.net/7/257/2422/01jan20051800/edocket.access.gpo.gov/2005/05-19533.htm>

MMS Director Johnnie Burton noted that the relief does not extend to reporting or payments due on Indian leases, to Federal leases for minerals other than oil and gas, nor to annual rental payments. Burton also noted that the new rule may cause a potential delay in royalty disbursements to a few states.

“The devastation caused by Hurricanes Katrina and Rita resulted in many oil and gas operators losing the use of their offices and associated records,” said Director Burton. “Until access to buildings, records, data and communication lines are restored, these companies are simply unable to generate or transmit royalty reports and royalty payments.” As a result, Director Burton said, MMS believes it is equitable to provide an extension of time for relief from royalty payments and report due dates for lessees whose operations have been disrupted by the hurricanes.

“This rule is intended to give payors a reasonable period of time to restore normal operations,” Burton said.

For those who meet the required certification, the new due date for royalties and corresponding royalty reports for the production months of July, August, September and October 2005 will be Jan. 3, 2006 (since Dec. 31, 2005, falls on a weekend). In the absence of the new rule, the royalty payments and reports for the production months of July, August, September and October would have been Aug. 31, Sept. 30, Oct. 31 and Nov. 30, respectively.

The new date for the production reports or the Monthly Report of Operations for onshore leases for the production months of July, August and September 2005 will be Dec. 15, 2005, if operators do not file electronically, or Dec. 27, 2005, if they do file electronically.

Eligible companies may e-mail their certification to Robert Prael, Financial Manager, at: Robert.Prael@mms.gov, or by mail to: Robert Prael, Financial Manager, Minerals Management Service, Minerals Revenue Management, P.O. Box 25165, MS350B1, Denver, CO., 80225-0165.

MMS, part of the U.S. Department of the Interior, oversees 1.76 billion acres of the Outer Continental Shelf, managing offshore energy and minerals while protecting the human, marine, and coastal environments. The OCS provides 29 percent of oil and 19 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 2004 disbursements of approximately \$8 billion and more than \$143 billion since 1982.

MMS Website: www.mms.gov
MMS: Securing Ocean Energy & Economic Value for America