

Gibbs Tschudy, Deborah

From: Gibbs Tschudy, Deborah
Sent: Friday, November 07, 2003 1:58 PM
To: Scott Miller; David Darouse (davidd@dnr.state.la.us); Joannie Rowland (joanier@crownsations.net); Perry Shirley (pshirley@frontiernet.net); Weekly, Derek; Anderson, Karen; Brown, Stacy; Charlton, Van; Dilsaver, Steve; Druse, Todd; Fisher, Terence; Goss, Inge-Lise; Hudson, Mark; Husta, Bill; Loomis, F David; Lougee, Jack; McClain, Jerry; Miller, Scott; Norman, Jay; Rodriguez, Nancy; Severson, Valdean; Soderlind, Ellwood; St. Goddard, Harold; Staigle, George
Cc: Querques Denett, Lucy; Hamilton, Cathy; Leneau, Todd; Johnson, Ralph; Williams, Mary; Carol Green; David Guzy; Davidoff, Robert; Ethel Richards; Janet Courtney; John Barder; Lonnie Kimball; Paul Tyler, Shirley Burhop; Stockbridge, James; Theresa Bayani
Subject: Fina Decision

Hi Everyone,

The D.C. Circuit's decision in *Fina Oil and Chemical Corp. vs. Norton*, 332 F.3d 672 (D.C. Cir. 2003), has not been appealed to the Supreme Court and is final.

This affects how MMS and State and Tribal delegated audit staffs apply the current valuation regulations in their audits. We will have to apply the benchmarks to inter-affiliate transactions for Federal gas; Federal oil prior to the effective date of the new oil regulations in June 2000; Indian oil; Indian gas prior to the effective date of the new Indian gas regulations in January 2000; and coal. Under the *Fina* decision, for those affected rules we may not look to a wholly-owned affiliate's arm's-length resale proceeds as the measure of the lessee's "gross proceeds" under the current rules.

We are developing additional guidance and training on application of the benchmarks and are requesting involvement from STRAC in this effort. The Onshore CAM lead is Shirley Burhop. Our goal is to develop the guidance and training materials by December 31, 2003, with training beginning in 2004. Please contact Shirley with your designated representatives as soon as possible. Thank you.

Deborah Gibbs Tschudy
Assistant Program Director for Onshore Compliance
Phone: (303) 231-3301
Fax: (303) 231-3722

Barton, Jayne

From: Burhop, Shirley
Sent: Friday, November 07, 2003 2:56 PM
To: Contreras, Antoinette; Mishra, C P; Buen, Chris; Palme, Chuck; Sechrest, Craig; Wiechman, David; Pagliasotti, Donald; Vigil, Florence; Gary Burgoyne; Morris, James; Janet Guinn; Montoya, Joanna; Barder, Lydia; Koch, Marilyn; Lovelace, Megan; Robinson, Michaela; Dixon, Nichelle; Valdez, Nick; Kann, Patricia; Fine, ReeEdda; Tripp, Regina; Wiley, Robert; Joiner, Rosita; Brown, S Don; Temple, Sandra; Wolter, Suzanne; Temmer, Virginia; Douglas, William
Subject: FW: Fina Decision

-----Original Message-----

From: Gibbs Tschudy, Deborah
Sent: Friday, November 07, 2003 1:58 PM
To: Scott Miller; David Darouse (davidd@dnr.state.la.us); Joannie Rowland (joanier@crownsations.net); Perry Shirley (pshirley@frontiernet.net); Weekly, Derek; Anderson, Karen; Brown, Stacy; Charlton, Van; Dilsaver, Steve; Druse, Todd; Fisher, Terence; Goss, Inge-Lise; Hudson, Mark; Husta, Bill; Loomis, F David; Lougee, Jack; McClain, Jerry; Miller, Scott; Norman, Jay; Rodriguez, Nancy; Severson, Valdean; Soderlind, Ellwood; St. Goddard, Harold; Staigle, George
Cc: Querques Denett, Lucy; Hamilton, Cathy; Leneau, Todd; Johnson, Ralph; Williams, Mary; Carol Green; David Guzy; Davidoff, Robert; Ethel Richards; Janet Courtney; John Barder; Lonnie Kimball; Paul Tyler; Shirley Burhop; Stockbridge, James; Theresa Bayani
Subject: Fina Decision

Hi Everyone,

The D.C. Circuit's decision in *Fina Oil and Chemical Corp. vs. Norton*, 332 F.3d 672 (D.C. Cir. 2003), has not been appealed to the Supreme Court and is final.

This affects how MMS and State and Tribal delegated audit staffs apply the current valuation regulations in their audits. We will have to apply the benchmarks to inter-affiliate transactions for Federal gas; Federal oil prior to the effective date of the new oil regulations in June 2000; Indian oil; Indian gas prior to the effective date of the new Indian gas regulations in January 2000; and coal. Under the *Fina* decision, for those affected rules we may not look to a wholly-owned affiliate's arm's-length resale proceeds as the measure of the lessee's "gross proceeds" under the current rules.

We are developing additional guidance and training on application of the benchmarks and are requesting involvement from STRAC in this effort. The Onshore CAM lead is Shirley Burhop. Our goal is to develop the guidance and training materials by December 31, 2003, with training beginning in 2004. Please contact Shirley with your designated representatives as soon as possible. Thank you.

Deborah Gibbs Tschudy
Assistant Program Director for Onshore Compliance
Phone: (303) 231-3301
Fax: (303) 231-3722

Tracking:	Recipient	Read
	Contreras, Antoinette	Read: 11/7/2003 3:05 PM
	Mishra, C P	Read: 11/10/2003 8:54 AM
	Buen, Chris	Read: 11/7/2003 2:57 PM
	Palme, Chuck	Read: 11/10/2003 7:14 AM
	Sechrest, Craig	Read: 11/12/2003 7:12 AM
	Wiechman, David	Read: 11/7/2003 3:43 PM
	Pagliasotti, Donald	Read: 11/7/2003 3:38 PM
	Vigil, Florence	Read: 11/7/2003 3:02 PM
	Gary Burgoyne	

Recipient	Read
Morris, James	Read: 11/7/2003 2:57 PM
Janet Guinn	
Montoya, Joanna	Read: 11/12/2003 10:03 AM
Barder, Lydia	Read: 11/7/2003 3:29 PM
Koch, Marilyn	Read: 11/7/2003 2:57 PM
Lovelace, Megan	Read: 11/7/2003 3:28 PM
Robinson, Michaela	Read: 11/7/2003 2:57 PM
Dixon, Nichelle	Read: 11/7/2003 2:59 PM
Valdez, Nick	Read: 11/7/2003 3:06 PM
Kann, Patricia	Read: 11/7/2003 4:25 PM
Fine, ReeEdda	Read: 11/7/2003 3:18 PM
Tripp, Regina	Read: 11/7/2003 4:15 PM
Wiley, Robert	Read: 11/12/2003 7:01 AM
Joiner, Rosita	Read: 11/7/2003 3:00 PM
Brown, S Don	Read: 11/10/2003 7:17 AM
Temple, Sandra	Read: 11/7/2003 3:24 PM
Wolter, Suzanne	Read: 11/10/2003 7:31 AM
Temmer, Virginia	Read: 11/7/2003 2:58 PM
Douglas, William	Read: 11/7/2003 2:57 PM

Querques Denett, Lucy

From: Gibbs Tschudy, Deborah
Sent: Friday, November 07, 2003 3:58 PM
To: Scott Miller; David Darouse (davidd@dnr.state.la.us); Joannie Rowland (joanier@crownsations.net); Perry Shirley (pshirley@frontiernet.net); Weekly, Derek; Anderson, Karen; Brown, Stacy; Charlton, Van; Dilsaver, Steve; Druse, Todd; Fisher, Terence; Goss, Inge-Lise; Hudson, Mark; Husta, Bill; Loomis, F David; Lougee, Jack; McClain, Jerry; Miller, Scott; Norman, Jay; Rodriguez, Nancy; Severson, Valdean; Soderlind, Ellwood; St. Goddard, Harold; Staigle, George
Cc: Querques Denett, Lucy; Hamilton, Cathy; Leneau, Todd; Johnson, Ralph; Williams, Mary; Carol Green; David Guzy; Davidoff, Robert; Ethel Richards; Janet Courtney; John Barder; Lonnie Kimball; Paul Tyler; Shirley Burhop; Stockbridge, James; Theresa Bayani
Subject: Fina Decision

Hi Everyone,

The D.C. Circuit's decision in *Fina Oil and Chemical Corp. vs. Norton*, 332 F.3d 672 (D.C. Cir. 2003), has not been appealed to the Supreme Court and is final.

This affects how MMS and State and Tribal delegated audit staffs apply the current valuation regulations in their audits. We will have to apply the benchmarks to inter-affiliate transactions for Federal gas; Federal oil prior to the effective date of the new oil regulations in June 2000; Indian oil; Indian gas prior to the effective date of the new Indian gas regulations in January 2000; and coal. Under the *Fina* decision, for those affected rules we may not look to a wholly-owned affiliate's arm's-length resale proceeds as the measure of the lessee's "gross proceeds" under the current rules.

We are developing additional guidance and training on application of the benchmarks and are requesting involvement from STRAC in this effort. The Onshore CAM lead is Shirley Burhop. Our goal is to develop the guidance and training materials by December 31, 2003, with training beginning in 2004. Please contact Shirley with your designated representatives as soon as possible. Thank you.

Deborah Gibbs Tschudy
Assistant Program Director for Onshore Compliance
Phone: (303) 231-3301
Fax: (303) 231-3722

Adamski, Richard

From: Hamilton, Cathy
Sent: Friday, November 07, 2003 4:01 PM
To: Etchart, Patrick; Carol Cason; David Izon; Janice Bigelow; Richard Adamski
Subject: FW: Fina Decision

fyi

-----Original Message-----

From: Gibbs Tschudy, Deborah
Sent: Friday, November 07, 2003 3:58 PM
To: Scott Miller; David Darouse (davidd@dnr.state.la.us); Joannie Rowland (joanier@crownsations.net); Perry Shirley (pshirley@frontiernet.net); Weekly, Derek; Anderson, Karen; Brown, Stacy; Charlton, Van; Dilsaver, Steve; Druse, Todd; Fisher, Terence; Goss, Inge-Lise; Hudson, Mark; Husta, Bill; Loomis, F David; Lougee, Jack; McClain, Jerry; Miller, Scott; Norman, Jay; Rodriguez, Nancy; Severson, Valdean; Soderlind, Ellwood; St. Goddard, Harold; Staigle, George
Cc: Querques Denett, Lucy; Hamilton, Cathy; Leneau, Todd; Johnson, Ralph; Williams, Mary; Carol Green; David Guzy; Davidoff, Robert; Ethel Richards; Janet Courtney; John Barder; Lonnie Kimball; Paul Tyler; Shirley Burhop; Stockbridge, James; Theresa Bayani
Subject: Fina Decision

Hi Everyone,

The D.C. Circuit's decision in *Fina Oil and Chemical Corp. vs. Norton*, 332 F.3d 672 (D.C. Cir. 2003), has not been appealed to the Supreme Court and is final.

This affects how MMS and State and Tribal delegated audit staffs apply the current valuation regulations in their audits. We will have to apply the benchmarks to inter-affiliate transactions for Federal gas; Federal oil prior to the effective date of the new oil regulations in June 2000; Indian oil; Indian gas prior to the effective date of the new Indian gas regulations in January 2000; and coal. Under the *Fina* decision, for those affected rules we may not look to a wholly-owned affiliate's arm's-length resale proceeds as the measure of the lessee's "gross proceeds" under the current rules.

We are developing additional guidance and training on application of the benchmarks and are requesting involvement from STRAC in this effort. The Onshore CAM lead is Shirley Burhop. Our goal is to develop the guidance and training materials by December 31, 2003, with training beginning in 2004. Please contact Shirley with your designated representatives as soon as possible. Thank you.

Deborah Gibbs Tschudy
Assistant Program Director for Onshore Compliance
Phone: (303) 231-3301
Fax: (303) 231-3722

Gibbs Tschudy, Deborah

From: Soderlind, Ellwood
Sent: Monday, November 10, 2003 12:55 PM
To: Gibbs Tschudy, Deborah; Miller, Scott; Darouse, David; joanier@crownsations.net; Shirley, Perry; Weekly, Derek; Anderson, Karen; Brown, Stacy; Charlton, Van; Dilsaver, Steve; Druse, Todd; Fisher, Terence; Goss, Inge-Lise; Hudson, Mark; Husta, Bill; Loomis, F David; Lougee, Jack; McClain, Jerry; Miller, Scott; Norman, Jay; Rodriguez, Nancy; Severson, Valdean; Soderlind, Ellwood; St. Goddard, Harold; Staigle, George
Cc: Querques Denett, Lucy; Hamilton, Cathy; Leneau, Todd; Johnson, Ralph; Williams, Mary; Green, Carol L; Guzy, David; Davidoff, Robert; Richards, Ethel; Courtney, Janet; Barder, John; Kimball, Lonnie; Tyler, Paul; Burhop, Shirley; Stockbridge, James; Bayani, Theresa Walsh
Subject: RE: Fina Decision

Debbie and Shirley:

Wyoming would like to be involved in developing the training materials and guidance.

I will be the representative.

Thank you.

Ellwood

-----Original Message-----

From: Deborah.Gibbs.Tschudy@mms.gov
[mailto:Deborah.Gibbs.Tschudy@mms.gov]
Sent: Friday, November 07, 2003 1:58 PM
To: ScottM@dnr.state.la.us; davidd@dnr.state.la.us;
joanier@crownsations.net; pshirley@frontiernet.net;
dweekly@wyaudit.state.wy.us; kanderso@southern-ute.nsn.us;
sbrown@blackfeetnation.com; vcharlton@state.mt.us;
sdilsaver@wyaudit.state.wy.us; tdruse@utemountain.org;
tfisher@washakie.net; igoss@utah.gov; Mark.Hudson@mms.gov;
bill.husta@glo.state.tx.us; dloomis@spike.dor.state.co.us;
JLougee@state.nm.us; jmccclain@sco.ca.gov; Scottm@dnr.state.la.us;
JNorman@state.nm.us; nrodriguez@state.nm.us; VSeverson@state.nm.us;
esoderlind@wyaudit.state.wy.us; haroldg@utetribe.com;
georgestaigle.mms@midconetwork.com
Cc: Lucy.Querques.Denett@mms.gov; Cathy.Hamilton@mms.gov;
Todd.Leneau@mms.gov; Ralph.Johnson@mms.gov; Mary.Williams@mms.gov;
Carol.L.Green@mms.gov; David.Guzy@mms.gov; Robert.Davidoff@mms.gov;
Ethel.Richards@mms.gov; Janet.Courtney@mms.gov; John.Barder@mms.gov;
Lonnie.Kimball@mms.gov; Paul.Tyler@mms.gov; Shirley.Burhop@mms.gov;
James.Stockbridge@mms.gov; Theresa.Bayani@mms.gov
Subject: Fina Decision

Hi Everyone,

The D.C. Circuit's decision in Fina Oil and Chemical Corp. vs. Norton, 332 F.3d 672 (D.C. Cir. 2003), has not been appealed to the Supreme Court and is final.

This affects how MMS and State and Tribal delegated audit staffs apply the current valuation regulations in their audits. We will have to apply the benchmarks to inter-affiliate transactions for Federal gas; Federal oil prior to the effective date of the new oil regulations in June 2000; Indian oil; Indian gas prior to the effective date of the new

Indian gas regulations in January 2000; and coal. Under the Fina decision, for those affected rules we may not look to a wholly-owned affiliate's arm's-length resale proceeds as the measure of the lessee's "gross proceeds" under the current rules.

We are developing additional guidance and training on application of the benchmarks and are requesting involvement from STRAC in this effort. The Onshore CAM lead is Shirley Burhop. Our goal is to develop the guidance and training materials by December 31, 2003, with training beginning in 2004. Please contact Shirley with your designated representatives as soon as possible. Thank you.

Deborah Gibbs Tschudy
Assistant Program Director for Onshore Compliance
Phone: (303) 231-3301
Fax: (303) 231-3722

Gibbs Tschudy, Deborah.

From: Loomis, F David
Sent: Wednesday, November 12, 2003 10:40 AM
To: Soderlind, Ellwood; Gibbs Tschudy, Deborah; Miller, Scott; Darouse, David; joanier@crownsations.net; Shirley, Perry; Weekly, Derek; Anderson, Karen; Brown, Stacy; Charlton, Van; Dilsaver, Steve; Druse, Todd; Fisher, Terence; Goss, Inge-Lise; Hudson, Mark; Husta, Bill; Loomis, F David; Lougee, Jack; McClain, Jerry; Miller, Scott; Norman, Jay; Rodriguez, Nancy; Severson, Valdean; St. Goddard, Harold; Staigle, George
Cc: Querques Denett, Lucy; Hamilton, Cathy; Leneau, Todd; Johnson, Ralph; Williams, Mary; Green, Carol L; Guzy, David; Davidoff, Robert; Richards, Ethel; Courtney, Janet; Barder, John; Kimball, Lonnie; Tyler, Paul; Burhop, Shirley; Stockbridge, James; Bayani, Theresa Walsh
Subject: RE: Fina Decision

Colorado would like to be involved with the development of guidance and training materials. Please contact me at:

F. David Loomis
Mineral Audit Section
Colorado Department of Revenue
400 South Colorado Blvd, Suite 400
Denver, CO 80246
303-355-0400

-----Original Message-----

From: Ellwood Soderlind [mailto:ESoderlind@wyaudit.state.wy.us]
Sent: Monday, November 10, 2003 12:55 PM
To: Deborah.Gibbs.Tschudy; ScottM@dnr.state.la.us; davidd@dnr.state.la.us; joanier@crownsations.net; pshirley@frontiernet.net; Derek Weekly; kanderso@southern-ute.nsn.us; sbrown@blackfeetnation.com; vcharlton@state.mt.us; Steve Dilsaver; tdruse@utemountain.org; tfisher@washakie.net; igoss@utah.gov; Mark.Hudson; bill.husta@glo.state.tx.us; dloomis@spike.dor.state.co.us; JLougee@state.nm.us; jmccclain@sco.ca.gov; Scottm@dnr.state.la.us; JNorman@state.nm.us; nrodriguez@state.nm.us; VSeverson@state.nm.us; Ellwood Soderlind; haroldg@utetribe.com; georgestaigle.mms@midconetwork.com
Cc: Lucy.Querques.Denett; Cathy.Hamilton@mms.gov; Todd.Leneau; Ralph.Johnson; Mary.Williams; Carol.L.Green; David.Guzy; Robert.Davidoff@mms.gov; Ethel.Richards; Janet.Courtney@mms.gov; John.Barder@mms.gov; Lonnie.Kimball@mms.gov; Paul.Tyler@mms.gov; Shirley.Burhop; James.Stockbridge@mms.gov; Theresa.Bayani
Subject: RE: Fina Decision

Debbie and Shirley:

Wyoming would like to be involved in developing the training materials and guidance.

I will be the representative.

Thank you.

Ellwood

-----Original Message-----

From: Deborah.Gibbs.Tschudy@mms.gov
[mailto:Deborah.Gibbs.Tschudy@mms.gov]
Sent: Friday, November 07, 2003 1:58 PM

To: ScottM@dnr.state.la.us; davidd@dnr.state.la.us;
joanier@crownsations.net; pshirley@frontiernet.net;
dweekly@wyaudit.state.wy.us; kanderso@southern-ute.nsn.us;
sbrown@blackfeetnation.com; vcharlton@state.mt.us;
sdilsaver@wyaudit.state.wy.us; tdruse@utemountain.org;
tfisher@washakie.net; igoss@utah.gov; Mark.Hudson@mms.gov;
bill.husta@glo.state.tx.us; dloomis@spike.dor.state.co.us;
JLougee@state.nm.us; jmccclain@sco.ca.gov; Scottm@dnr.state.la.us;
JNorman@state.nm.us; nrodriguez@state.nm.us; VSeverson@state.nm.us;
esoderlind@wyaudit.state.wy.us; haroldg@utetribe.com;
georgestaigle.mms@midconetwork.com
Cc: Lucy.Querques.Denett@mms.gov; Cathy.Hamilton@mms.gov;
Todd.Leneau@mms.gov; Ralph.Johnson@mms.gov; Mary.Williams@mms.gov;
Carol.L.Green@mms.gov; David.Guzy@mms.gov; Robert.Davidoff@mms.gov;
Ethel.Richards@mms.gov; Janet.Courtney@mms.gov; John.Barder@mms.gov;
Lonnie.Kimball@mms.gov; Paul.Tyler@mms.gov; Shirley.Burhop@mms.gov;
James.Stockbridge@mms.gov; Theresa.Bayani@mms.gov
Subject: Fina Decision

Hi Everyone,

The D.C. Circuit's decision in Fina Oil and Chemical Corp. vs. Norton, 332 F.3d 672 (D.C. Cir. 2003), has not been appealed to the Supreme Court and is final.

This affects how MMS and State and Tribal delegated audit staffs apply the current valuation regulations in their audits. We will have to apply the benchmarks to inter-affiliate transactions for Federal gas; Federal oil prior to the effective date of the new oil regulations in June 2000; Indian oil; Indian gas prior to the effective date of the new Indian gas regulations in January 2000; and coal. Under the Fina decision, for those affected rules we may not look to a wholly-owned affiliate's arm's-length resale proceeds as the measure of the lessee's "gross proceeds" under the current rules.

We are developing additional guidance and training on application of the benchmarks and are requesting involvement from STRAC in this effort. The Onshore CAM lead is Shirley Burhop. Our goal is to develop the guidance and training materials by December 31, 2003, with training beginning in 2004. Please contact Shirley with your designated representatives as soon as possible. Thank you.

Deborah Gibbs Tschudy
Assistant Program Director for Onshore Compliance
Phone: (303) 231-3301
Fax: (303) 231-3722

Gibbs Tschudy, Deborah

From: Burhop, Shirley
Sent: Wednesday, November 12, 2003 10:58 AM
To: Williams, Mary; Gibbs Tschudy, Deborah
Subject: FW: Fina Decision

Importance: High

So far, the people who have expressed interest in participating are:

Terry Fisher - Shoshone and Arapaho
Ellwood Solerling - Wyoming
Colorado - no name specified
New Mexico - no name specified

-----Original Message-----

From: Fisher, Terence
Sent: Monday, November 10, 2003 10:04 AM
To: Burhop, Shirley
Cc: St. Goddard, Harold; Goss, Inge-Lise
Subject: Fw: Fina Decision
Importance: High

Shirley, I will be contact and lead for Shoshone and Arapaho. I, as a STRAC member, not officer, recommend that at a minimum the STRAC officers and MMS representative teleconference (meet) on this prior to the STRAC meeting Dec 10-12 so the issues can be identified and carried forward to be discussed by the entire STRAC body. The proposed methodology (guidance) will be used by most, if not all, 202/205 contracts to develop their audit valuation strategies. Given the magnitude of the potential impact on audits and the need to involve STRAC, I am not sure a December 31, 03 deadline is feasible. Issue identification, discussion and proactive planning/rule making will be key to the process, not speed. Terry

----- Original Message -----

From: <Deborah.Gibbs.Tschudy@mms.gov>
To: <ScottM@dnr.state.la.us>; <davidd@dnr.state.la.us>;
<joanier@crownsations.net>; <pshirley@frontiernet.net>;
<dweekly@wyaudit.state.wy.us>; <kanderso@southern-ute.nsn.us>;
<sbrown@blackfeetnation.com>; <vcharlton@state.mt.us>;
<sdilsaver@wyaudit.state.wy.us>; <tdruse@utemountain.org>;
<tfisher@washakie.net>; <igoss@utah.gov>; <Mark.Hudson@mms.gov>;
<bill.husta@glo.state.tx.us>; <dloomis@spike.dor.state.co.us>;
<JLougee@state.nm.us>; <jmclain@sco.ca.gov>; <Scottm@dnr.state.la.us>;
<JNorman@state.nm.us>; <nrodriguez@state.nm.us>; <VSeverson@state.nm.us>;
<esoderlind@wyaudit.state.wy.us>; <haroldg@utetribe.com>;
<georgestaigle.mms@midconetwork.com>
Cc: <Lucy.Querques.Denett@mms.gov>; <Cathy.Hamilton@mms.gov>;
<Todd.Leneau@mms.gov>; <Ralph.Johnson@mms.gov>; <Mary.Williams@mms.gov>;
<Carol.L.Green@mms.gov>; <David.Guzy@mms.gov>; <Robert.Davidoff@mms.gov>;
<Ethel.Richards@mms.gov>; <Janet.Courtney@mms.gov>; <John.Barder@mms.gov>;
<Lonnie.Kimball@mms.gov>; <Paul.Tyler@mms.gov>; <Shirley.Burhop@mms.gov>;
<James.Stockbridge@mms.gov>; <Theresa.Bayani@mms.gov>
Sent: Friday, November 07, 2003 1:58 PM
Subject: Fina Decision

> Hi Everyone,

>

> The D.C. Circuit's decision in Fina Oil and Chemical Corp.
> vs. Norton, 332 F.3d 672 (D.C. Cir. 2003), has not been appealed to the
> Supreme Court and is final.

>
> This affects how MMS and State and Tribal delegated audit
> staffs apply the current valuation regulations in their audits. We will
> have to apply the benchmarks to inter-affiliate transactions for Federal
> gas; Federal oil prior to the effective date of the new oil regulations in
> June 2000; Indian oil; Indian gas prior to the effective date of the new
> Indian gas regulations in January 2000; and coal. Under the Fina
decision,
> for those affected rules we may not look to a wholly-owned affiliate's
> arm's-length resale proceeds as the measure of the lessee's "gross
proceeds"
> under the current rules.
>
> We are developing additional guidance and training on
> application of the benchmarks and are requesting involvement from STRAC in
> this effort. The Onshore CAM lead is Shirley Burhop. Our goal is to
> develop the guidance and training materials by December 31, 2003, with
> training beginning in 2004. Please contact Shirley with your designated
> representatives as soon as possible. Thank you.
>
>
>
> Deborah Gibbs Tschudy
> Assistant Program Director for Onshore Compliance
> Phone: (303) 231-3301
> Fax: (303) 231-3722
>
>
>

Gibbs Tschudy, Deborah

From: Shirley, Perry
Sent: Wednesday, November 12, 2003 11:17 AM
To: Gibbs Tschudy, Deborah; Miller, Scott; Darouse, David; joanier@crownsations.net; Weekly, Derek; Anderson, Karen; Brown, Stacy; Charlton, Van; Dilsaver, Steve; Druse, Todd; Fisher, Terence; Goss, Inge-Lise; Hudson, Mark; Husta, Bill; Loomis, F David; Lougee, Jack; McClain, Jerry; Miller, Scott; Norman, Jay; Rodriguez, Nancy; Severson, Valdean; Soderlind, Ellwood; St. Goddard, Harold; Staigle, George
Cc: Querques Denett, Lucy; Hamilton, Cathy; Leneau, Todd; Johnson, Ralph; Williams, Mary; Green, Carol L; Guzy, David; Davidoff, Robert; Richards, Ethel; Courtney, Janet; Barder, John; Kimball, Lonnie; Tyler, Paul; Burhop, Shirley; Stockbridge, James; Bayani, Theresa Walsh
Subject: RE: Fina Decision

I will participant in the development of the guidelines on the new audit approach. Please keep me informed on the planning reagrding this process.

-----Original Message-----

From: Deborah.Gibbs.Tschudy@mms.gov
[mailto:Deborah.Gibbs.Tschudy@mms.gov]
Sent: Friday,, November 07, 2003 1:58 PM
To: ScottM@dnr.state.la.us; davidd@dnr.state.la.us; joanier@crownsations.net; pshirley@frontiernet.net; dweekly@wyaudit.state.wy.us; kanderso@southern-ute.nsn.us; sbrown@blackfeetnation.com; vcharlton@state.mt.us; sdilsaver@wyaudit.state.wy.us; tdruse@utemountain.org; tfisher@washakie.net; igoss@utah.gov; Mark.Hudson@mms.gov; bill.husta@glo.state.tx.us; dloomis@spike.dor.state.co.us; JLougee@state.nm.us; jmcclain@sco.ca.gov; Scottm@dnr.state.la.us; JNorman@state.nm.us; nrodriguez@state.nm.us; VSeverson@state.nm.us; esoderlind@wyaudit.state.wy.us; haroldg@utetribe.com; georgestaigle.mms@midconetwork.com
Cc: Lucy.Querques.Denett@mms.gov; Cathy.Hamilton@mms.gov; Todd.Leneau@mms.gov; Ralph.Johnson@mms.gov; Mary.Williams@mms.gov; Carol.L.Green@mms.gov; David.Guzy@mms.gov; Robert.Davidoff@mms.gov; Ethel.Richards@mms.gov; Janet.Courtney@mms.gov; John.Barder@mms.gov; Lonnie.Kimball@mms.gov; Paul.Tyler@mms.gov; Shirley.Burhop@mms.gov; James.Stockbridge@mms.gov; Theresa.Bayani@mms.gov
Subject: Fina Decision

Hi Everyone,

The D.C. Circuit's decision in Fina Oil and Chemical Corp. vs. Norton, 332 F.3d 672 (D.C. Cir. 2003), has not been appealed to the Supreme Court and is final.

This affects how MMS and State and Tribal delegated audit staffs apply the current valuation regulations in their audits. We will have to apply the benchmarks to inter-affiliate transactions for Federal gas; Federal oil prior to the effective date of the new oil regulations in June 2000; Indian oil; Indian gas prior to the effective date of the new Indian gas regulations in January 2000; and coal. Under the Fina decision, for those affected rules we may not look to a wholly-owned affiliate's arm's-length resale proceeds as the measure of the lessee's "gross proceeds" under the current rules.

We are developing additional guidance and training on application of the benchmarks and are requesting involvement from STRAC in this effort. The Onshore CAM lead is Shirley Burhop. Our goal is to develop the guidance and training materials by December 31, 2003, with training beginning in 2004. Please contact Shirley with your designated

representatives as soon as possible. Thank you.

Deborah Gibbs Tschudy
Assistant Program Director for Onshore Compliance
Phone: (303) 231-3301
Fax: (303) 231-3722

Gibbs Tschudy, Deborah

From: Burhop, Shirley
Sent: Wednesday, November 12, 2003 11:29 AM
To: Williams, Mary; Gibbs Tschudy, Deborah
Subject: RE: Fina Decision

UPDATE 2: and Perry Shirley, Navajo

-----Original Message-----

From: Burhop, Shirley
Sent: Wednesday, November 12, 2003 11:28 AM
To: Williams, Mary; Gibbs Tschudy, Deborah
Subject: FW: Fina Decision
Importance: High

UPDATE:

So far, the people who have expressed interest in participating are:

Terry Fisher - Shoshone and Arapaho
Ellwood Soderlind - Wyoming
Dave Loomis - Colorado
Nancy Rodriguez - New Mexico

-----Original Message-----

From: Fisher, Terence
Sent: Monday, November 10, 2003 10:04 AM
To: Burhop, Shirley
Cc: St. Goddard, Harold; Goss, Inge-Lise
Subject: Fw: Fina Decision
Importance: High

Shirley, I will be contact and lead for Shoshone and Arapaho. I, as a STRAC member, not officer, recommend that at a minimum the STRAC officers and MMS representative teleconference (meet) on this prior to the STRAC meeting Dec 10-12 so the issues can be identified and carried forward to be discussed by the entire STRAC body. The proposed methodology (guidance) will be used by most, if not all, 202/205 contracts to develop their audit valuation strategies. Given the magnitude of the potential impact on audits and the need to involve STRAC, I am not sure a December 31, 03 deadline is feasible. Issue identification, discussion and proactive planning/rule making will be key to the process, not speed. Terry

----- Original Message -----

From: <Deborah.Gibbs.Tschudy@mms.gov>
To: <ScottM@dnr.state.la.us>; <davidd@dnr.state.la.us>; <joanier@crownsations.net>; <pshirley@frontiernet.net>; <dweekly@wyaudit.state.wy.us>; <kanderso@southern-ute.nsn.us>; <sbrown@blackfeetnation.com>; <vcharlton@state.mt.us>; <sdilsaver@wyaudit.state.wy.us>; <tdruse@utemountain.org>; <tfisher@washakie.net>; <igoss@utah.gov>; <Mark.Hudson@mms.gov>; <bill.husta@glo.state.tx.us>; <dloomis@spike.dor.state.co.us>; <JLougee@state.nm.us>; <jmccclain@sco.ca.gov>; <Scottm@dnr.state.la.us>; <JNorman@state.nm.us>; <nrodriguez@state.nm.us>; <VSeverson@state.nm.us>; <esoderlind@wyaudit.state.wy.us>; <haroldg@utetribes.com>; <georgestaigle.mms@midconetwork.com>
Cc: <Lucy.Querques.Denett@mms.gov>; <Cathy.Hamilton@mms.gov>; <Todd.Leneau@mms.gov>; <Ralph.Johnson@mms.gov>; <Mary.Williams@mms.gov>; <Carol.L.Green@mms.gov>; <David.Guzy@mms.gov>; <Robert.Davidoff@mms.gov>; <Ethel.Richards@mms.gov>; <Janet.Courtney@mms.gov>; <John.Barder@mms.gov>; <Lonnie.Kimball@mms.gov>; <Paul.Tyler@mms.gov>; <Shirley.Burhop@mms.gov>;

<James.Stockbridge@mms.gov>; <Theresa.Bayani@mms.gov>
Sent: Friday, November 07, 2003 1:58 PM
Subject: Fina Decision

> Hi Everyone,
>
> The D.C. Circuit's decision in Fina Oil and Chemical Corp.
> vs. Norton, 332 F.3d 672 (D.C. Cir. 2003), has not been appealed to the
> Supreme Court and is final.
>
> This affects how MMS and State and Tribal delegated audit
> staffs apply the current valuation regulations in their audits. We will
> have to apply the benchmarks to inter-affiliate transactions for Federal
> gas; Federal oil prior to the effective date of the new oil regulations in
> June 2000; Indian oil; Indian gas prior to the effective date of the new
> Indian gas regulations in January 2000; and coal. Under the Fina
decision,
> for those affected rules we may not look to a wholly-owned affiliate's
> arm's-length resale proceeds as the measure of the lessee's "gross
proceeds"
> under the current rules.
>
> We are developing additional guidance and training on
> application of the benchmarks and are requesting involvement from STRAC in
> this effort. The Onshore CAM lead is Shirley Burhop. Our goal is to
> develop the guidance and training materials by December 31, 2003, with
> training beginning in 2004. Please contact Shirley with your designated
> representatives as soon as possible. Thank you.
>
>
>
> Deborah Gibbs Tschudy
> Assistant Program Director for Onshore Compliance
> Phone: (303) 231-3301
> Fax: (303) 231-3722
>
>
>

Barton, Jayne

From: Burhop, Shirley
Sent: Friday, November 14, 2003 12:23 PM
To: Gibbs Tschudy, Deborah
Subject: RE: Fina Decision

Any additional guidance on outputs expected, beyond "guidance and training"?

X _____ 5
-----Original Message-----

From: Gibbs Tschudy, Deborah
Sent: Friday, November 07, 2003 1:58 PM
To: Scott Miller; David Darouse (davidd@dnr.state.la.us); Joannie Rowland (joanier@crownsations.net); Perry Shirley (pshirley@frontiernet.net); Weekly, Derek; Anderson, Karen; Brown, Stacy; Charlton, Van; Dilsaver, Steve; Druse, Todd; Fisher, Terence; Goss, Inge-Lise; Hudson, Mark; Husta, Bill; Loomis, F David; Lougee, Jack; McClain, Jerry; Miller, Scott; Norman, Jay; Rodríguez, Nancy; Severson, Valdean; Soderlind, Ellwood; St. Goddard, Harold; Staigle, George
Cc: Querques Denett, Lucy; Hamilton, Cathy; Leneau, Todd; Johnson, Ralph; Williams, Mary; Carol Green; David Guzy; Davidoff, Robert; Ethel Richards; Janet Courtney; John Barder; Lonnie Kimball; Paul Tyler; Shirley Burhop; Stockbridge, James; Theresa Bayani
Subject: Fina Decision

Hi Everyone,

The D.C. Circuit's decision in *Fina Oil and Chemical Corp. vs. Norton*, 332 F.3d 672 (D.C. Cir. 2003), has not been appealed to the Supreme Court and is final.

This affects how MMS and State and Tribal delegated audit staffs apply the current valuation regulations in their audits. We will have to apply the benchmarks to inter-affiliate transactions for Federal gas; Federal oil prior to the effective date of the new oil regulations in June 2000; Indian oil; Indian gas prior to the effective date of the new Indian gas regulations in January 2000; and coal. Under the *Fina* decision, for those affected rules we may not look to a wholly-owned affiliate's arm's-length resale proceeds as the measure of the lessee's "gross proceeds" under the current rules.

We are developing additional guidance and training on application of the benchmarks and are requesting involvement from STRAC in this effort. The Onshore CAM lead is Shirley Burhop. Our goal is to develop the guidance and training materials by December 31, 2003, with training beginning in 2004. Please contact Shirley with your designated representatives as soon as possible. Thank you.

Deborah Gibbs Tschudy
Assistant Program Director for Onshore Compliance
Phone: (303) 231-3301
Fax: (303) 231-3722

Tracking:

Recipient
Gibbs Tschudy, Deborah

Read
Read: 11/14/2003 12:38 PM

Gibbs Tschudy, Deborah

From: Gibbs Tschudy, Deborah
Sent: Friday, November 14, 2003 1:14 PM
To: Burhop, Shirley
Subject: RE: Fina Decision

X _____ 5

I had a telecon with the STRAC officers this morning on another matter and Terry asked if you could please have an initial meeting in the Fina team before the STRAC meeting so that they could have further discussions among themselves at the STRAC meeting. He suggested a telecon or virtual meeting if you can't get everyone together before then.

-----Original Message-----

From: Burhop, Shirley
Sent: Friday, November 14, 2003 12:23 PM
To: Gibbs Tschudy, Deborah
Subject: RE: Fina Decision

Any additional guidance on outputs expected, beyond "guidance and training"?

X _____ 5

-----Original Message-----

From: Gibbs Tschudy, Deborah
Sent: Friday, November 07, 2003 1:58 PM
To: Scott Miller; David Darouse (davidd@dnr.state.la.us); Joannie Rowland (joanier@crownsations.net); Perry Shirley (pshirley@frontiernet.net); Weekly, Derek; Anderson, Karen; Brown, Stacy; Charlton, Van; Dilsaver, Steve; Druse, Todd; Fisher, Terence; Goss, Inge-Lise; Hudson, Mark; Husta, Bill; Loomis, F David; Lougee, Jack; McClain, Jerry; Miller, Scott; Norman, Jay; Rodriguez, Nancy; Severson, Valdean; Soderlind, Ellwood; St. Goddard, Harold; Staigle, George
Cc: Querques Denett, Lucy; Hamilton, Cathy; Leneau, Todd; Johnson, Ralph; Williams, Mary; Carol Green; David Guzy; Davidoff, Robert; Ethel Richards; Janet Courtney; John Barder; Lonnie Kimball; Paul Tyler; Shirley Burhop; Stockbridge, James; Theresa Bayani
Subject: Fina Decision

Hi Everyone,

The D.C. Circuit's decision in *Fina Oil and Chemical Corp. vs. Norton*, 332 F.3d 672 (D.C. Cir. 2003), has not been appealed to the Supreme Court and is final.

This affects how MMS and State and Tribal delegated audit staffs apply the current valuation regulations in their audits. We will have to apply the benchmarks to inter-affiliate transactions for Federal gas; Federal oil prior to the effective date of the new oil regulations in June 2000; Indian oil; Indian gas prior to the effective date of the new Indian gas regulations in January 2000; and coal. Under the *Fina* decision, for those affected rules we may not look to a wholly-owned affiliate's arm's-length resale proceeds as the measure of the lessee's "gross proceeds" under the current rules.

We are developing additional guidance and training on application of the benchmarks and are requesting involvement from STRAC in this effort. The Onshore CAM lead is Shirley Burhop. Our goal is to develop the guidance and training materials by December 31, 2003, with training beginning in 2004. Please contact Shirley with your designated representatives as soon as possible. Thank you.

Deborah Gibbs Tschudy
Assistant Program Director for Onshore Compliance
Phone: (303) 231-3301
Fax: (303) 231-3722

Barton, Jayne

From: Burhop, Shirley
Sent: Friday, November 14, 2003 1:25 PM
To: Gibbs Tschudy, Deborah
Subject: RE: Fina Decision

I agree. I will try to schedule an initial meeting later next week and will plan on tying in the out-of-towners via phone.

-----Original Message-----

From: Gibbs Tschudy, Deborah
Sent: Friday, November 14, 2003 1:14 PM
To: Burhop, Shirley
Subject: RE: Fina Decision

X

 S

I had a telecon with the STRAC officers this morning on another matter and Terry asked if you could please have an initial meeting in the Fina team before the STRAC meeting so that they could have further discussions among themselves at the STRAC meeting. He suggested a telecon or virtual meeting if you can't get everyone together before then.

-----Original Message-----

From: Burhop, Shirley
Sent: Friday, November 14, 2003 12:23 PM
To: Gibbs Tschudy, Deborah
Subject: RE: Fina Decision

Any additional guidance on outputs expected, beyond "guidance and training"?

X

 S

-----Original Message-----

From: Gibbs Tschudy, Deborah
Sent: Friday, November 07, 2003 1:58 PM
To: Scott Miller; David Darouse (david@dnr.state.la.us); Joannie Rowland (joanier@crownsations.net); Perry Shirley (pshirley@frontiernet.net); Weekly, Derek; Anderson, Karen; Brown, Stacy; Charlton, Van; Dilsaver, Steve; Druse, Todd; Fisher, Terence; Goss, Inge-Lise; Hudson, Mark; Husta, Bill; Loomis, F David; Lougee, Jack; McClain, Jerry; Miller, Scott; Norman, Jay; Rodriguez, Nancy; Severson, Valdean; Soderlind, Ellwood; St. Goddard, Harold; Staigle, George
Cc: Querques Denett, Lucy; Hamilton, Cathy; Leneau, Todd; Johnson, Ralph; Williams, Mary; Carol Green; David Guzy; Davidoff, Robert; Ethel Richards; Janet Courtney; John Barder; Lonnie Kimball; Paul Tyler; Shirley Burhop;
Subject: Fina Decision

Hi Everyone,

The D.C. Circuit's decision in *Fina Oil and Chemical Corp. vs. Norton*, 332 F.3d 672 (D.C. Cir. 2003), has not been appealed to the Supreme Court and is final.

This affects how MMS and State and Tribal delegated audit staffs apply the current valuation regulations in their audits. We will have to apply the benchmarks to inter-affiliate transactions for Federal gas; Federal oil prior to the effective date of the new oil regulations in June 2000; Indian oil; Indian gas prior to the effective date of the new Indian gas regulations in January 2000; and coal. Under the *Fina* decision, for those affected rules we may not look to a wholly-owned affiliate's arm's-length resale proceeds as the measure of the lessee's "gross proceeds" under the current rules.

We are developing additional guidance and training on application of the benchmarks and are requesting involvement from STRAC in this effort. The Onshore CAM lead is Shirley Burhop. Our

goal is to develop the guidance and training materials by December 31, 2003, with training beginning in 2004. Please contact Shirley with your designated representatives as soon as possible. Thank you.

Deborah Gibbs Tschudy
Assistant Program Director for Onshore Compliance
Phone: (303) 231-3301
Fax: (303) 231-3722

Tracking:

Recipient

Gibbs Tschudy, Deborah

Read

Read: 11/14/2003 1:29 PM

Gibbs Tschudy, Deborah

From: Gibbs Tschudy, Deborah
Sent: Monday, November 17, 2003 9:51 AM
To: Burhop, Shirley
Subject: RE: Fina Decision

Today after 12:30 p.m. or Wednesday after 10 a.m.

-----Original Message-----

From: Burhop, Shirley
Sent: Friday, November 14, 2003 2:10 PM
To: Gibbs Tschudy, Deborah
Subject: RE: Fina Decision

Let me know when you would be available to speak with Geoff. I have scheduled a meeting with the team for Wednesday, Nov. 19, at 1:00 pm.

-----Original Message-----

From: Gibbs Tschudy, Deborah
Sent: Friday, November 14, 2003 1:14 PM
To: Burhop, Shirley
Subject: RE: Fina Decision

X _____ 5

I had a telecon with the STRAC officers this morning on another matter and Terry asked if you could please have an initial meeting in the Fina team before the STRAC meeting so that they could have further discussions among themselves at the STRAC meeting. He suggested a telecon or virtual meeting if you can't get everyone together before then.

-----Original Message-----

From: Burhop, Shirley
Sent: Friday, November 14, 2003 12:23 PM
To: Gibbs Tschudy, Deborah
Subject: RE: Fina Decision

Any additional guidance on outputs expected, beyond "guidance and training"?

-----Original Message-----

X _____ 5

From: Gibbs Tschudy, Deborah
Sent: Friday, November 07, 2003 1:58 PM
To: Scott Miller; David Darouse (davidd@dnr.state.la.us); Joannie Rowland (joanier@crownsations.net); Perry Shirley (pshirley@frontier.net); Weekly, Derek; Anderson, Karen; Brown, Stacy; Charlton, Van; Dilsaver, Steve; Druse, Todd; Fisher, Terence; Goss, Inge-Lise; Hudson, Mark; Husta, Bill; Loomis, F David; Lougee, Jack; McClain, Jerry; Miller, Scott; Norman, Jay; Rodriguez, Nancy; Severson, Valdean; Soderlind, Ellwood; St. Goddard, Harold; Staigle, George
Cc: Querques Denett, Lucy; Hamilton, Cathy; Leneau, Todd; Johnson, Ralph; Williams, Mary; Carol Green; David Guzy; Davidoff, Robert; Ethel Richards; Janet Courtney; John Barder; Lonnie Kimball; Paul Tyler; Shirley Burhop; Stockbridge, James; Theresa Bayani
Subject: Fina Decision

Hi Everyone,

The D.C. Circuit's decision in *Fina Oil and Chemical Corp. vs. Norton*, 332 F.3d 672 (D.C. Cir. 2003), has not been appealed to the Supreme Court and is final.

This affects how MMS and State and Tribal delegated audit staffs apply the current valuation

regulations in their audits. We will have to apply the benchmarks to inter-affiliate transactions for Federal gas; Federal oil prior to the effective date of the new oil regulations in June 2000; Indian oil; Indian gas prior to the effective date of the new Indian gas regulations in January 2000; and coal. Under the *Fina* decision, for those affected rules we may not look to a wholly-owned affiliate's arm's-length resale proceeds as the measure of the lessee's "gross proceeds" under the current rules.

We are developing additional guidance and training on application of the benchmarks and are requesting involvement from STRAC in this effort. The Onshore CAM lead is Shirley Burhop. Our goal is to develop the guidance and training materials by December 31, 2003, with training beginning in 2004. Please contact Shirley with your designated representatives as soon as possible. Thank you.

Deborah Gibbs Tschudy
Assistant Program Director for Onshore Compliance
Phone: (303) 231-3301
Fax: (303) 231-3722

Barton, Jayne

From: Burhop, Shirley
Sent: Monday, November 17, 2003 10:15 AM
To: Gibbs Tschudy, Deborah; Williams, Mary
Subject: RE: Fina Decision

Ok. I just talked to Geoff. We'll call him at 12:30 today, our time. (2:30 his)

Mary, do you want to sit in, too.

-----Original Message-----

From: Gibbs Tschudy, Deborah
Sent: Monday, November 17, 2003 9:51 AM
To: Burhop, Shirley
Subject: RE: Fina Decision

Today after 12:30 p.m. or Wednesday after 10 a.m.

-----Original Message-----

From: Burhop, Shirley
Sent: Friday, November 14, 2003 2:10 PM
To: Gibbs Tschudy, Deborah
Subject: RE: Fina Decision

Let me know when you would be available to speak with Geoff. I have scheduled a meeting with the team for Wednesday, Nov. 19, at 1:00 pm.

-----Original Message-----

From: Gibbs Tschudy, Deborah
Sent: Friday, November 14, 2003 1:14 PM
To: Burhop, Shirley
Subject: RE: Fina Decision

X _____ S

I had a telecon with the STRAC officers this morning on another matter and Terry asked if you could please have an initial meeting in the Fina team before the STRAC meeting so that they could have further discussions among themselves at the STRAC meeting. He suggested a telecon, or virtual meeting if you can't get everyone together before then.

-----Original Message-----

From: Burhop, Shirley
Sent: Friday, November 14, 2003 12:23 PM
To: Gibbs Tschudy, Deborah
Subject: RE: Fina Decision

Any additional guidance on outputs expected, beyond "guidance and training"?

X _____ S

-----Original Message-----

From: Gibbs Tschudy, Deborah
Sent: Friday, November 07, 2003 1:58 PM
To: Scott Miller; David Darouse (davidd@dnr.state.la.us); Joannie Rowland (joanier@crownsations.net); Perry Shirley (pshirley@frontiernet.net); Weekly, Derek; Anderson, Karen; Brown, Stacy; Charlton, Van; Dilsaver, Steve; Druse, Todd; Fisher, Terence; Goss, Inge-Lise; Hudson, Mark; Husta, Bill; Loomis, F David; Lougee, Jack; McClain, Jerry; Miller, Scott; Norman, Jay; Rodriguez, Nancy; Severson, Valdean; Soderlind, Ellwood; St. Goddard, Harold; Staigle, George
Cc: Querques Denett, Lucy; Hamilton, Cathy; Leneau, Todd; Johnson, Ralph; Williams, Mary; Carol Green;

David Guzy; Davidoff, Robert; Ethel Richards; Janet Courtney; John Barder; Lonnie Kimball; Paul Tyler; Shirley Burhop; Stockbridge, James; Theresa Bayani
Subject: Fina Decision

Hi Everyone,

The D.C. Circuit's decision in *Fina Oil and Chemical Corp. vs. Norton*, 332 F.3d 672 (D.C. Cir. 2003), has not been appealed to the Supreme Court and is final.

This affects how MMS and State and Tribal delegated audit staffs apply the current valuation regulations in their audits. We will have to apply the benchmarks to inter-affiliate transactions for Federal gas; Federal oil prior to the effective date of the new oil regulations in June 2000; Indian oil; Indian gas prior to the effective date of the new Indian gas regulations in January 2000; and coal. Under the *Fina* decision, for those affected rules we may not look to a wholly-owned affiliate's arm's-length resale proceeds as the measure of the lessee's "gross proceeds" under the current rules.

We are developing additional guidance and training on application of the benchmarks and are requesting involvement from STRAC in this effort. The Onshore CAM lead is Shirley Burhop. Our goal is to develop the guidance and training materials by December 31, 2003, with training beginning in 2004. Please contact Shirley with your designated representatives as soon as possible. Thank you.

Deborah Gibbs Tschudy
Assistant Program Director for Onshore Compliance
Phone: (303) 231-3301
Fax: (303) 231-3722

Tracking:

Recipient

Gibbs Tschudy, Deborah

Williams, Mary

Read

Read: 11/17/2003 11:28 AM

Read: 11/17/2003 10:17 AM

Barton, Jayne

From: Burhop, Shirley
Sent: Thursday, November 20, 2003 9:31 AM
To: Gibbs Tschudy, Deborah
Subject: RE: Fina Decision

Was OFFCAM asked to participate?

-----Original Message-----

From: Gibbs Tschudy, Deborah
Sent: Friday, November 07, 2003 1:58 PM
To: Scott Miller; David Darouse (davidd@dnr.state.la.us); Joannie Rowland (joanier@crownsations.net); Perry Shirley (pshirley@frontiernet.net); Weekly, Derek; Anderson, Karen; Brown, Stacy; Charlton, Van; Dilsaver, Steve; Druse, Todd; Fisher, Terence; Goss, Inge-Lise; Hudson, Mark; Husta, Bill; Loomis, F David; Lougee, Jack; McClain, Jerry; Miller, Scott; Norman, Jay; Rodriguez, Nancy; Severson, Valdean; Soderlind, Ellwood; St. Goddard, Harold; Staigle, George
Cc: Querques Denett, Lucy; Hamilton, Cathy; Leneau, Todd; Johnson, Ralph; Williams, Mary; Carol Green; David Guzy; Davidoff, Robert; Ethel Richards; Janet Courtney; John Barder; Lonnie Kimball; Paul Tyler; Shirley Burhop; Stockbridge, James; Theresa Bayani
Subject: Fina Decision

Hi Everyone,

The D.C. Circuit's decision in *Fina Oil and Chemical Corp. vs. Norton*, 332 F.3d 672 (D.C. Cir. 2003), has not been appealed to the Supreme Court and is final.

This affects how MMS and State and Tribal delegated audit staffs apply the current valuation regulations in their audits. We will have to apply the benchmarks to inter-affiliate transactions for Federal gas; Federal oil prior to the effective date of the new oil regulations in June 2000; Indian oil; Indian gas prior to the effective date of the new Indian gas regulations in January 2000; and coal. Under the *Fina* decision, for those affected rules we may not look to a wholly-owned affiliate's arm's-length resale proceeds as the measure of the lessee's "gross proceeds" under the current rules.

We are developing additional guidance and training on application of the benchmarks and are requesting involvement from STRAC in this effort. The Onshore CAM lead is Shirley Burhop. Our goal is to develop the guidance and training materials by December 31, 2003, with training beginning in 2004. Please contact Shirley with your designated representatives as soon as possible. Thank you.

Deborah Gibbs Tschudy
Assistant Program Director for Onshore Compliance
Phone: (303) 231-3301
Fax: (303) 231-3722

Tracking:

Recipient
Gibbs Tschudy, Deborah

Read
Read: 11/20/2003 12:22 PM

Barton, Jayne

From: Gibbs Tschudy, Deborah
Sent: Thursday, November 20, 2003 12:40 PM
To: Burhop, Shirley
Subject: RE: Fina Decision

I have not asked them, but they should be invited to participate. Would you mind talking to Roman or Bobby to see if they would like to participate? Thank you.

-----Original Message-----

From: Burhop, Shirley
Sent: Thursday, November 20, 2003 9:31 AM
To: Gibbs Tschudy, Deborah
Subject: RE: Fina Decision

Was OFFCAM asked to participate?

-----Original Message-----

From: Gibbs Tschudy, Deborah
Sent: Friday, November 07, 2003 1:58 PM
To: Scott Miller; David Darouse (davidd@dnr.state.la.us); Joannie Rowland (joanier@crownsations.net); Perry Shirley (pshirley@frontiernet.net); Weekly, Derek; Anderson, Karen; Brown, Stacy; Charlton, Van; Dilsaver, Steve; Druse, Todd; Fisher, Terence; Goss, Inge-Lise; Hudson, Mark; Husta, Bill; Loomis, F David; Lougee, Jack; McClain, Jerry; Miller, Scott; Norman, Jay; Rodriguez, Nancy; Severson, Valdean; Soderlind, Ellwood; St. Goddard, Harold; Staigle, George
Cc: Querques Denett, Lucy; Hamilton, Cathy; Leneau, Todd; Johnson, Ralph; Williams, Mary; Carol Green; David Guzy; Davidoff, Robert; Ethel Richards; Janet Courtney; John Barder; Lonnie Kimball; Paul Tyler; Shirley Burhop; Stockbridge, James; Theresa Bayani
Subject: Fina Decision

Hi Everyone,

The D.C. Circuit's decision in *Fina Oil and Chemical Corp. vs. Norton*, 332 F.3d 672 (D.C. Cir. 2003), has not been appealed to the Supreme Court and is final.

This affects how MMS and State and Tribal delegated audit staffs apply the current valuation regulations in their audits. We will have to apply the benchmarks to inter-affiliate transactions for Federal gas; Federal oil prior to the effective date of the new oil regulations in June 2000; Indian oil; Indian gas prior to the effective date of the new Indian gas regulations in January 2000; and coal. Under the *Fina* decision, for those affected rules we may not look to a wholly-owned affiliate's arm's-length resale proceeds as the measure of the lessee's "gross proceeds" under the current rules.

We are developing additional guidance and training on application of the benchmarks and are requesting involvement from STRAC in this effort. The Onshore CAM lead is Shirley Burhop. Our goal is to develop the guidance and training materials by December 31, 2003, with training beginning in 2004. Please contact Shirley with your designated representatives as soon as possible. Thank you.

Deborah Gibbs Tschudy
Assistant Program Director for Onshore Compliance
Phone: (303) 231-3301
Fax: (303) 231-3722