

Unfunded Mandates Reform Act (UMRA) of 1995

This proposed rule does not impose an unfunded mandate on State, local, or tribal governments or the private sector of more than \$100 million per year. The proposed rule does not have any Federal mandates nor does the proposed rule have a significant or unique effect on State, local, or tribal governments or the private sector. A statement containing the information required by the UMRA (2 U.S.C. 1531 *et seq.*) is not required.

Civil Justice Reform (Executive Order 12988)

According to Executive Order 12988, the Office of the Solicitor has determined that the proposed rule does not unduly burden the judicial system and meets the requirements of sections 3(a) and 3(b)(2) of the Order.

National Environmental Policy Act (NEPA) of 1969

This proposed rule does not constitute a major Federal action significantly affecting the quality of the human environment. A detailed statement under the NEPA is not required.

Government-to-Government Relationship with Tribes

According to the President's memorandum of April 29, 1994, Government-to-Government Relations with Native American Tribal Governments (59 FR 22951) and 512 DM 2, we have determined that there are no effects on federally recognized Indian tribes.

Clarity of this Regulation

Executive Order 12866 requires each agency to write regulations that are easy to understand. We invite your comments on how to make this rule easier to understand, including answers to questions such as the following:

- (1) Are the requirements in the rule clearly stated?
- (2) Does the rule contain technical language or jargon that interferes with its clarity?
- (3) Is the description of the rule in the "Supplementary Information" section of this preamble helpful in understanding the rule? What else can we do to make the rule easier to understand?

Send a copy of any comments that concern how we could make this rule easier to understand to: Office of Regulatory Affairs, Department of the Interior, Room 7229, 1849 C Street, NW., Washington, DC 20240. You may also e-mail the comments to this address: Exsec@ios.doi.gov.

List of Subjects in 30 CFR Parts 203

Continental shelf, Government contracts, Indian lands, Minerals royalties, Oil and gas exploration, Public lands-mineral resources, Reporting and recordkeeping requirements, Sulphur.

Dated: March 20, 2003.

Rebecca W. Watson,

Assistant Secretary, Land and Minerals Management.

For the reasons stated in the preamble, the Minerals Management Service (MMS) proposes to amend 30 CFR part 203 as follows:

PART 203—RELIEF OR REDUCTION IN ROYALTY RATES

1. The authority citation for part 203 continues to read as follows:

Authority: 25 U.S.C. 396 *et seq.*; 25 U.S.C. 396a *et seq.*; 25 U.S.C. 2101 *et seq.*; 30 U.S.C. 181 *et seq.*; 30 U.S.C. 351 *et seq.*; 30 U.S.C. 1001 *et seq.*; 30 U.S.C. 1701 *et seq.*; 31 U.S.C. 9701 *et seq.*; 43 U.S.C. 1301 *et seq.*; 43 U.S.C. 1331 *et seq.*; and 43 U.S.C. 1801 *et seq.*

2. Section 203.0 is amended by adding definitions for "deep well", "new well", "participating area", "reservoir", "royalty suspension supplement," "successful qualified deep well," and "unsuccessful certified well" in alphabetical order to read as follows:

§ 203.0 What definitions apply to this part?

Deep well means either a well drilled and completed with a perforated interval, the top of which is at least 15,000 feet true vertical depth below the datum at mean sea level (TVD SS), or a well drilled but not completed to a target reservoir deeper than 18,000 feet TVD SS.

New well means a well that results from drilling that does not utilize an existing wellbore.

Participating area means that part of the unit area that is reasonably proven by drilling and completion of producible wells, geological and geophysical information, and engineering data to be capable of producing hydrocarbons in paying quantities.

Reservoir means an underground accumulation of oil or natural gas or both characterized by a single pressure system and segregated from other such accumulations.

Royalty suspension supplement means a royalty suspension volume

generated from drilling an unsuccessful certified well and applied to royalties due on future royalty-bearing natural gas and oil production on, or allocated to, the same lease.

* * * * *

Successful qualified deep well means a new deep well completed on your lease:

- (1) That begins drilling after March 26, 2003, and
- (2) That begins producing natural gas, including gas associated with oil production before [DATE THAT IS FIVE YEARS AFTER THE EFFECTIVE DATE OF THE FINAL RULE].

* * * * *

Unsuccessful certified well means a new well drilled on your lease:

- (1) Beginning after March 26, 2003;
- (2) Beginning before [DATE THAT IS FIVE YEARS AFTER THE EFFECTIVE DATE OF THE FINAL RULE];
- (3) Beginning before your lease produces from a successful qualified deep well;
- (4) To a depth of at least 18,000 feet true vertical depth below the datum at mean sea level (TVD SS);
- (5) That targeted a reservoir identified from seismic and related data deeper than 18,000 feet TVD SS; and
- (6) That fails to meet the producibility requirements of 30 CFR Part 250, subpart A, and does not produce, or that MMS agrees is not commercially producible. (Any well producing from a reservoir 15,000 feet TVD SS or deeper is deemed a successful well, though not necessarily a successful qualified deep well).

* * * * *

3. A new undesignated heading and new §§ 203.40 through 203.48 are added to Subpart B to read as follows:

Royalty Relief for Drilling Deep Gas Wells

§ 203.40 Which leases are eligible for royalty relief as a result of drilling deep wells?

Your lease may receive a royalty suspension volume under §§ 203.41 through 203.43 and may receive a royalty suspension supplement under §§ 203.44 through 203.46 if it:

- (a) Was issued in an OCS lease sale held before January 1, 2001, or in a lease sale held on or after that date and the lessee has exercised the option under § 203.48;
- (b) Is located in the Gulf of Mexico, wholly west of 87 degrees, 30 minutes West longitude entirely in water less than 200 meters deep; and
- (c) Has not produced gas or oil from a deep well that commenced drilling before March 26, 2003. Production