

**UNITED STATES DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE
GULF OF MEXICO OCS REGION**

NTL No. 2010-G01

Effective Date: February 1, 2010
Expiration Date: January 31, 2015

**NOTICE TO LESSEES AND OPERATORS OF FEDERAL OIL AND GAS LEASES
OUTER CONTINENTAL SHELF, GULF OF MEXICO OCS REGION**

**Clarification of Deep Gas Royalty Relief Regulation
Regarding Natural Gas Liquids and Pipeline (Retrograde) Condensate**

This Notice to Lessees and Operators (NTL) supersedes and updates NTL No. 2004-G11. The royalty relief regulations at 30 CFR 203.0 and 30 CFR 203.30-49 suspend royalty on qualified deep gas production volumes, including gas associated with oil production, reported on the Oil and Gas Operations Report, Part A (OGOR-A). Sections 203.34(c) and 203.43(e)(3) of the regulations state that the royalty suspension does not apply to oil and condensate volumes.

While royalty is not suspended for oil and condensate volumes reported on the OGOR-A, the royalty suspension does apply to natural gas liquids and pipeline (retrograde) condensate that are recovered from qualified deep gas production. The hydrocarbons that comprise these liquids are in the gas phase as they depart each platform and are reported as gas on the OGOR-A.

Instructions for reporting royalty-free production volumes to our Minerals Revenue Management office will be attached to the letter from the Regional Supervisor for Production and Development confirming the royalty suspension volume earned by your lease.

Guidance Document Statement

The MMS issues NTLs as guidance documents in accordance with 30 CFR 250.103 to clarify, supplement, and provide more detail about certain MMS regulatory requirements and to outline the information you must provide in your various submittals. Under that authority, this NTL sets forth a policy on and an interpretation of a regulatory requirement that provides a clear and consistent approach to complying with that requirement.

Paperwork Reduction Act of 1995 Statement

This NTL does not refer to or impose any new information collection subject to the Paperwork Reduction Act of 1995.

Contact

Please contact Mr. Al Durr by telephone at (504) 736-2659 if you have any questions regarding deep gas royalty relief.

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Lars T. Herbst
Regional Director