

## § 203.49

## 30 CFR Ch. II (7–1–11 Edition)

For a lease located in water . . .	And issued . . .	the applicable threshold price is . . .
(3) Entirely more than 200 meters and entirely less than 400 meters deep,	on any date,	\$4.55 per MMBtu, adjusted annually after calendar year 2007 for inflation unless the lease terms prescribe a different price threshold.

(b) Determine the threshold price for any calendar year after 2007 by adjusting the threshold price in the previous year by the percentage that the implicit price deflator for the gross domestic product, as published by the Department of Commerce, changed during the calendar year.

(c) You must pay any royalty due under this section no later than March 31 of the year following the calendar year for which you owe royalty. If you do not pay by that date, you must pay late payment interest under §218.54 from April 1 until the date of payment.

(d) Production volumes on which you must pay royalty under this section count as part of your RSV and RSS.

[73 FR 69514, Nov. 18, 2008]

### § 203.49 May I substitute the deep gas drilling provisions in §203.0 and §§203.40 through 203.47 for the deep gas royalty relief provided in my lease terms?

(a) You may exercise an option to replace the applicable lease terms for royalty relief related to deep-well drilling with those in §203.0 and §§203.40 through 203.48 if you have a lease issued with royalty relief provisions for deep-well drilling. Such leases:

(1) Must be issued as part of an OCS lease sale held after January 1, 2001, and before April 1, 2004; and

(2) Must be located wholly west of 87 degrees, 30 minutes West longitude in the GOM entirely or partly in water less than 200 meters deep.

(b) To exercise the option under paragraph (a) of this section, you must notify, in writing, the MMS Regional Supervisor for Production and Development of your decision before September 1, 2004 or 180 days after your lease is issued, whichever is later, and specify the lease and block number.

(c) Once you exercise the option under paragraph (a) of this section, you are subject to all the activity, timing, and administrative requirements per-

taining to deep gas royalty relief as specified in §§203.40 through 203.48.

(d) Exercising the option under paragraph (a) of this section is irrevocable. If you do not exercise this option, then the terms of your lease apply.

[69 FR 3510, Jan. 26, 2004. Redesignated and amended at 73 FR 69512, 69515, Nov. 18, 2008]

### ROYALTY RELIEF FOR END-OF-LIFE LEASES

#### § 203.50 Who may apply for end-of-life royalty relief?

You may apply for royalty relief in two situations.

(a) Your end-of-life lease (as defined in §203.2) is an oil and gas lease and has average daily production of at least 100 barrels of oil equivalent (BOE) per month (as calculated in §203.73) in at least 12 of the past 15 months. The most recent of these 12 months are considered the qualifying months. These 12 months should reflect the basic operation you intend to use until your resources are depleted. If you changed your operation significantly (e.g., begin re-injecting rather than recovering gas) during the qualifying months, or if you do so while we are processing your application, we may defer action on your application until you revise it to show the new circumstances.

(b) Your end-of-life lease is other than an oil and gas lease (e.g., sulphur) and has production in at least 12 of the past 15 months. The most recent of these 12 months are considered the qualifying months.

[63 FR 2618, Jan. 16, 1998, as amended at 63 FR 57249, Oct. 27, 1998]

#### § 203.51 How do I apply for end-of-life royalty relief?

You must submit a complete application and the required fee to the appropriate MMS Regional Director. Your MMS regional office will provide specific guidance on the report formats. A