

## Ocean Energy Bureau, Interior

## § 260.301

measured according to part 250, subpart L of this title, equals one barrel of oil equivalent.

### **§ 260.124 How will royalty suspension apply if MMS assigns a lease issued in a sale held after November 2000 to a field that has a pre-Act lease?**

(a) We will assign your lease that has a qualifying well (under part 250, subpart A of this title) to an existing field or designate a new field and will notify you and other affected lessees and operating rights holders in the field of that assignment.

(1) Within 15 days of the final notification, you or any of the other affected lessees or operating rights holders may file a written request with the Director for reconsideration, accompanied by a Statement of Reasons.

(2) The Director will respond in writing either affirming or reversing the assignment decision. The Director's decision is the final action of the Department of the Interior and is not subject to appeal to the Interior Board of Land Appeals under part 290 of this title and 43 CFR part 4.

(b) If we establish a royalty suspension volume for a field as a result of an approved application for royalty relief submitted for a pre-Act lease under part 203 of this chapter, then:

(1) Royalty-free production from your RS lease shares from and counts as part of any royalty suspension volume under §260.114(d) for the field to which we assign your lease; and

(2) Your RS lease may continue to produce royalty-free up to the royalty suspension we specified for your lease, even if the field to which we assign your RS lease has produced all of its royalty suspension volume.

(c) Your lease may share in a suspension volume larger than the royalty suspension with which we issued it and to the extent we grant a larger volume in response to an application by a pre-Act lease submitted under part 203 of this title. To share in any larger royalty suspension volume, you must file an application described in §§203.71 and 203.83. In no case will royalty-free production for your RS lease be less than

the royalty suspension specified for your lease.

[66 FR 11518, Feb. 23, 2001, as amended at 67 FR 57739, Sept. 12, 2002; 73 FR 58473, Oct. 7, 2008]

### BIDDING SYSTEM SELECTION CRITERIA

### **§ 260.130 What criteria does MMS use for selecting bidding systems and bidding system components?**

In analyzing the application of one of the bidding systems listed in §260.110 to tracts selected for any OCS lease sale, we may, at our discretion, consider the following purposes and policies. We recognize that each of the purposes and policies may not be specifically applicable to the selection process for a particular bidding system or tract, or may present a conflict that we will have to resolve in the process of bidding system selection. The order of listing does not denote a ranking.

(a) Providing fair return to the Federal Government;

(b) Increasing competition;

(c) Ensuring competent and safe operations;

(d) Avoiding undue speculation;

(e) Avoiding unnecessary delays in exploration, development, and production;

(f) Discovering and recovering oil and gas;

(g) Developing new oil and gas resources in an efficient and timely manner;

(h) Limiting the administrative burdens on Government and industry; and

(i) Providing an opportunity to experiment with various bidding systems to enable us to identify those most appropriate for the satisfaction of the objectives of the United States in OCS lease sales.

### **Subpart C [Reserved]**

### **Subpart D—Joint Bidding**

### **§ 260.301 What is the purpose of this subpart?**

The purpose of this subpart is to encourage participation in OCS oil and gas lease sales by limiting the requirement for filing "Statements of Production" to certain joint bidders.