

**§ 203.35**

**30 CFR Ch. II (7-1-12 Edition)**

(d) To production from a deep well or ultra-deep well that commenced drilling before:

(1) March 26, 2003, on a lease that is located entirely or partly in water less than 200 meters deep; or

(2) May 18, 2007, on a lease that is located entirely in water more than 200 meters deep.

**§ 203.35 What administrative steps must I take to use the RSV earned by a qualified phase 2 or phase 3 ultra-deep well?**

To use an RSV earned under §203.31:

(a) You must notify the BSEE Regional Supervisor for Production and Development in writing of your intent to begin drilling operations on all your ultra-deep wells.

(b) Before beginning production, you must meet any production measurement requirements that the BSEE Regional Supervisor for Production and Development has determined are necessary under 30 CFR part 250, subpart L.

(c)(1) Within 30 days of the beginning of production from any wells that would become qualified phase 2 or phase 3 ultra-deep wells by satisfying the requirements of this section:

(i) Provide written notification to the BSEE Regional Supervisor for Production and Development that production has begun; and

(ii) Request confirmation of the size of the RSV earned by your lease.

(2) If you produced from a qualified phase 2 or phase 3 ultra-deep well before December 18, 2008, you must provide the information in paragraph (c)(1) of this section no later than January 20, 2009.

(d) If you cannot produce from a well that otherwise meets the criteria for a qualified phase 2 ultra-deep well that is an ultra-deep short sidetrack before May 3, 2009, on a lease that is located entirely or partly in water less than 200 meters deep, or before May 3, 2013, on a lease that is located entirely in water more than 200 meters but less than 400 meters deep, the BSEE Regional Supervisor for Production and Development may extend the deadline for beginning production for up to 1 year, based on the circumstances of the particular well involved, if it meets all the following criteria.

(1) The delay occurred after drilling reached the total depth in your well.

(2) Production (other than test production) was expected to begin from the well before May 3, 2009, on a lease that is located entirely or partly in water less than 200 meters deep or before May 3, 2013, on a lease that is located entirely in water more than 200 meters but less than 400 meters deep. You must provide a credible activity schedule with supporting documentation.

(3) The delay in beginning production is for reasons beyond your control, such as adverse weather and accidents which BSEE deems were unavoidable.

**§ 203.36 Do I keep royalty relief if prices rise significantly?**

(a) You must pay the Office of Natural Resources Revenue royalties on all gas production to which an RSV otherwise would be applied under §203.33 for any calendar year in which the average daily closing New York Mercantile Exchange (NYMEX) natural gas price exceeds the applicable threshold price shown in the following table.

A price threshold in year 2007 dollars of . . .	Applies to . . .
(1) \$10.15 per MMBtu,	(i) The first 25 BCF of RSV earned under §203.31(a) by a phase 2 ultra-deep well on a lease that is located in water partly or entirely less than 200 meters deep issued before December 18, 2008; and (ii) Any RSV earned under §203.31(b) by a phase 2 ultra-deep well.
(2) \$4.55 per MMBtu,	(i) Any RSV earned under §203.31(a) by a phase 3 ultra-deep well unless the lease terms prescribe a different price threshold; (ii) The last 10 BCF of the 35 BCF of RSV earned under §203.31(a) by a phase 2 ultra-deep well on a lease that is located in water partly or entirely less than 200 meters deep issued before December 18, 2008, and that is not a non-converted lease;