three scenarios, you must explain why fewer scenarios are more efficient across the whole field size distribution.

§ 203.88 What is in a production report?

This report supports your development and production timing and product quality expectations and must contain the following elements.

(a) Production profiles by well completion and field that specify the actual and projected production by year for each of the following products: oil, condensate, gas, and associated gas. The production from each profile must be consistent with a specific level of reserves and resources on the aggregated distribution of field size.

(b) Production drive mechanisms for each reservoir.

§ 203.89 What is in a cost report?

This report lists all actual and projected costs for your field, must explain and document the source of each cost estimate, and must identify the following elements.

(a) *Sunk costs.* Report sunk costs in dollars not adjusted for inflation and only if you have documentation.

(b) *Appraisal, delineation and development costs.* Base them on actual spending, current authorization for expenditure, engineering estimates, or analogous projects. These costs cover:

(1) Platform well drilling and average depth;

(2) Platform well completion;

(3) Subsea well drilling and average depth;

(4) Subsea well completion;

(5) Production system (platform); and

(6) Flowline fabrication and installation.

(c) *Production costs based on historical costs, engineering estimates, or analogous projects.* These costs cover:

(1) Operation;

(2) Equipment; and

(3) Existing royalty overrides (we will not use the royalty overrides in evaluations).

(d) *Transportation costs, based on historical costs, engineering estimates, or analogous projects.* These costs cover:

(1) Oil or gas tariffs from pipeline or tankerage;

(2) Trunkline and tieback lines; and

(3) Gas plant processing for natural gas liquids.

(e) *Abandonment costs, based on historical costs, engineering estimates, or analogous projects.* You should provide the costs to plug and abandon only wells and to remove only production systems for which you have not incurred costs as of the time of application submission. You should also include a point estimate or distribution of prospective salvage value for all potentially reusable facilities and materials, along with the source and an explanation of the figures provided.

(f) *A set of cost estimates consistent with each one of up to three field-development scenarios and production profiles (conservative, most likely, optimistic).* You should express costs in constant real dollar terms for the base year. You may also express the uncertainty of each cost estimate with a minimum and maximum percentage of the base value.

(g) *A spending schedule.* You should provide costs for each year (in real dollars) for each category in paragraphs (a) through (f) of this section.

(h) *A summary of other costs which are ineligible for evaluating your need for relief.* These costs cover:

(1) Expenses before first discovery on the field;

(2) Cash bonuses;

(3) Fees for royalty relief applications;

(4) Lease rentals, royalties, and payments of net profit share and net revenue share;

(5) Legal expenses;

(6) Damages and losses;

(7) Taxes;

(8) Interest or finance charges, including those embedded in equipment leases;

(9) Fines or penalties; and

(10) Money spent on previously existing obligations (e.g., royalty overrides or other forms of payment for acquiring a financial position in a lease, expenditures for plugging wells and removing and abandoning facilities that existed on the application submission date).