

Minerals Management Service, Interior

§ 203.72

§ 203.71 How does MMS allocate a field's suspension volume between my lease and other leases on my field?

The allocation depends on when production occurs, when the lease is assigned to the field, and whether we award the volume suspension by an approved application or establish it in the lease terms.

(a) If your authorized field has an approved royalty-suspension volume under §§203.67 and 203.69, we will suspend payment of royalties on production from all applying leases in the field until their cumulative production equals the approved volume. The following conditions also apply as appropriate:

If—	Then—	And—
We assign an eligible lease to your field after we approve or establish relief.	We will not change your field's royalty-suspension volume.	The newly assigned leases may share in any remaining royalty relief.
We assign a pre-Act lease to your field after you submit a complete application.	We will not change your field's royalty-suspension volume.	The newly assigned leases may share in any remaining royalty relief by filing the short form application specified in §203.83 and authorized in §203.82.
We assigned a pre-Act lease to your field before you submitted the royalty relief application.	We will not change your field's royalty-suspension volume.	The newly assigned lease will not share in the relief if it did not participate in the application.
We reassign a well on a pre-Act lease to another field.	The past production from that well counts toward the royalty suspension volume of the field to which the well is reassigned.	The past production from that well will not count toward any royalty suspension volume granted to the field from which it was reassigned.

(b) If your authorized field has an automatic royalty-suspension volume established under §260.110 of this chapter, we will suspend payment of royalties on production from all eligible

leases in the field until their cumulative production equals the automatic volume. The following conditions also apply as appropriate:

If—	Then—	And—
Another eligible lease is assigned to your field.	Your field's royalty-suspension volume does not change.	The newly assigned lease may share in relief only to the extent that cumulative production from your field is less than the automatic volume.
A pre-Act lease applies (along with the other leases in the field) and qualifies (subject to the field's automatic suspension volume) for royalty relief under §§203.67 and 203.69.	Your field's royalty-suspension volume may increase or stay the same.	All leases in the field share the one, higher royalty-suspension volume if we approve the application; or The eligible leases in the field keep the automatic volume if we reject the application.

(c) If you have an expansion project with more than one lease, the royalty-suspension volume for each lease equals that lease's actual incremental production from the project (or production allocated under an approved unit agreement) until cumulative incremental production for all leases in the project equals the project's approved royalty-suspension volume.

cated entirely west of the meridian will receive a royalty-suspension volume.

(d) You may receive a royalty-suspension volume only if your entire lease is west of 87 degrees, 30 minutes West longitude. If the field lies on both sides of this meridian, only leases lo-

§ 203.72 Can my lease receive more than one suspension volume?

Yes. You may apply for royalty relief that involves more than one suspension volume under §203.62 in two circumstances.

(a) Each field that includes your lease may receive a separate royalty-suspension volume, if it meets the evaluation criteria of §203.67.

(b) An expansion project on your lease may receive a separate royalty-