



NEWS RELEASE

U.S. Department of the Interior
Minerals Management Service
Office of Public Affairs

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MMS Proposes Rewrite of OCS Oil and Gas Production Requirements

Removes Restrictions on Production Rates and Limits Flaring and Venting

WASHINGTON -- The U.S. Department of the Interior's Minerals Management Service (MMS) is proposing amendments to its regulations regarding oil and natural gas production. Published in the Federal Register, the proposed rule, "Oil and Gas Production Requirements, 1010-AD12", would eliminate most restrictions on production rates and clarify flaring and venting limits.

The proposed rule is written in plain language and divided into shorter, easier-to-read sections. This new format reflects the actual sequence of events that occurs as wells are developed and the resources produced. A table at the end of the document lists the information MMS requires from operators prior to granting approvals for various operations.

Additionally, the proposed rule would clarify requirements for documents that operators must submit to MMS, as well as the timing of those submissions, and provide guidance on notifying adjoining operators regarding production within 500 feet of a common lease or unit line.

The proposed rule would also require the installation of meters to accurately measure all flared and vented natural gas on facilities that process more than 2,000 barrels of oil per day.

This requirement is based on a recommendation from a report on world-wide emissions from vented and flared natural gas issued in July 2004, by the Government Accountability Office.

The report, "Natural Gas Flaring and Venting—Opportunities to Improve Data and Reduce Emissions" (GAO-04-809), recommended that more accurate records were needed to determine the amount of the resource that is flared and vented, and the volume of greenhouse gas these practices contribute to the atmosphere each year. MMS currently collects information on the total natural gas flared and vented, but operators are not required to differentiate between the two categories. To improve data collection, the proposed rule would require operators to report flaring and venting volumes separately to MMS.

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This proposed rule would eliminate some previous requirements that are unnecessary in today's petroleum industry. For example, in 1974, MMS required operators to establish maximum production rates (MPRs) for producing well completions, and maximum efficient rates (MERs) for producing reservoirs, in OCS Order No. 11. This was during a period of oil shortages and energy crises. In 1988, MMS reduced the MER requirement. Currently, MMS requires MERs only on sensitive reservoirs.

Based on the past 25 years of experience, MMS has concluded that maximum rate requirements and production balancing requirements can be largely eliminated without significant detriment to conservation and maximization of ultimate recovery. Under the proposed rule, MMS would retain the authority to set MPRs and MERs when necessary.

MMS is accepting comments on the proposed rule for 90 days, ending June 4, 2007. Electronic comments should be clearly identified by "RIN, 1010-AD12" and may be submitted via the MMS's Public Connect on-line commenting system at <https://ocsconnect.mms.gov>, through the Federal eRulemaking Portal at <http://www.regulations.gov>, by email to rules.comments@mms.gov, or by fax at 703-787-1546.

Comments may also be hand delivered or mailed to:
Minerals Management Service
Attention: Rules Processing Team (RPT)
381 Elden Street, MS-4024
Herndon, Virginia 20170-4817.

Mailed comments should be clearly labeled "Oil and Gas Production Requirements, 1010-AD12" and include a contact name and return address.

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