

The NewsRoom

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MMS Amends Indian Oil Valuation Rule

Negotiated Rulemaking Committee to be Convened

DENVER – The Department of the Interior's Minerals Management Service (MMS) today published in the [Federal Register](#) a revised Indian Oil Valuation Rule aimed at bringing added certainty to the valuation of oil produced from American Indian lands.

The rule published today includes technical corrections to the March 1988 Oil Valuation Rule. The MMS also announced that it will convene a negotiated rulemaking committee. That committee will include representatives from the federal government, American Indian Tribes, representatives of individual Indian mineral owners, and the oil and gas industry.

The committee will make recommendations to MMS regarding the major portion provision contained in most Indian tribal and allotted leases. Those leases define major portion as the highest price paid or offered at the time of production for the major portion of oil produced from the same field.

The current rule for valuation of oil production from Indian leases dates back to 1988, and many changes have occurred in the oil market since the 1988 valuation rule was codified. In February 2006, following a series of public meetings by MMS to consult with American Indian Tribes and individual Indian mineral owners, MMS published a proposed rule for public comment.

Because of the diversity of comments from Indian Tribes and industry to that proposed rule, MMS decided to make technical corrections to the current rule and to convene the negotiated rulemaking committee. MMS is also requesting interested parties to nominate representatives for membership on the committee. Once the committee reaches consensus on the major portion provision of the rule as well as other provisions that the committee may want to address, MMS will use that recommendation as the basis for an amendment to the Indian Oil Valuation Rule, which will also be published in the Federal Register.

The intent of the current rulemaking is to add more certainty to the valuation of oil produced from American Indian lands, eliminate reliance on oil posted prices, and address the unique terms of Indian Tribal and allotted leases.

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