



# **Royalty Policy Committee**

**Wednesday, February 28, 2018**

**U.S. DEPARTMENT OF THE INTERIOR**





# Registration

**8:30a.m. – 9:00a.m.**





# **Welcome, and Overview**

**9:00a.m. – 9:30a.m.**





# Tribal Affairs Subcommittee Presentation

**Co-Director's Introduction: President Russell Begaye, Navajo Nation**

TERA: Bidtah Becker, Navajo Nation Office of Natural Resources

Model Congressional Statute: Prof. Monte Mills, University of Montana

1938 Act: Chairman Everett Waller, Osage Minerals Council

Taxation: Jackson Brossy, Navajo Nation Washington Office

**9:30a.m. – 10:15a.m.**





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# **Break**

**10:15a.m. – 10:30a.m.**





# Fair Return and Value Subcommittee Presentation

**Co-Director's Introduction: Mathew Adams**

Oil and Gas Payor Handbook: Gabrielle Gerholt

Index Pricing: Pat Noah

Marketable Conditions: Stella Alvarado

Coal Benchmarks: Matthew Adams

Audit: Greg Morby, Chevron

- OMT Update: Shawna Schimke, ONRR

**10:30a.m. – 12:15p.m.**





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**10:30a.m. – 12:15p.m.**





# Lunch

**12:15p.m. – 1:15p.m.**







# Planning, Analysis, & Competitiveness Subcommittee Presentation

## **Co-Director's Introduction:**

Onshore Oil & Gas: Kathleen Sgamma, Western Energy Alliance

Offshore Oil & Gas: Patrick Noah, ConocoPhillips Company

Alaska: John Crowther, State of Alaska

Coal: Matthew Adams, Cloud Peak Energy

Non-Fossil and Renewables: Colin McKee, State of Wyoming

Studies: Emily Kennedy Hague, American Petroleum Institute

## **1:15p.m. – 3:00p.m.**





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**1:15p.m. – 3:00p.m.**





# Break

**3:00p.m. – 3:15p.m.**







# Public Comment

**3:15p.m. – 3:45p.m.**





# Committee Voting

**3:45p.m. – 4:30p.m.**



# Tribal Affairs Subcommittee

Recommendation	Accept	Reject
Change Subcommittee name from Tribal Affairs Subcommittee to Tribal Energy Subcommittee	X	

**3:45p.m. – 4:30p.m.**



# Return & Value Subcommittee



Recommendations	Accept	Reject
Create “evergreen” handbook which can be updated regularly and link to recent rules and decisions	X	
Pursue rulemaking to define simplified index price rules for Federal gas	X	
Exclusively with regard to federal lands, Department of the Interior resolve an ambiguity in its current regulations by publishing a proposed rule to amend the regulation at 30 C.F.R. 1202.151(b) to reexamine language specific to the boosting of residue gas	X	
Reinforce the principle that arm’s length transactions are the best indication of market value by amending the regulation at 30 CFR 1206.257(c)(2)(i) to read: “The gross proceeds accruing to the lessee pursuant to a sale under its non-arm’s-length contract (or other disposition by other than an arm’s-length contract), provided that those gross proceeds are equivalent to the gross proceeds derived from, or paid under comparable arm’s-length contracts for sales, purchases, or other dispositions of like-quality coal in the area; including arm’s length sales from the lessee.”	X	
Consider a Secretarial Order / Dear Payor Letter indicating that a company’s own arm’s length sales are preferential under coal benchmark 4.	X	
Updated Solids Handbook indicating the same	X	



# Analysis, & Competitiveness Subcommittee

Recommendations	Accept	Reject
Reduce timelines for project approval, including APDs, ROWs, sundries, lease nominations and unit agreements	X	
Limit the federal nexus of wells without a majority federal interest	X	
Improve land use planning and NEPA Approvals	X	
Revise and simplify Onshore Orders, 3, 4 and 5 to ensure more equitable and timely implementation	X	
Set future OCS lease sales through 2024 at 12.5% royalty rate	X	
Revise, clarify and simplify process for granting varying royalty rate for declining or particularly costly fields	X	
Increase offshore acreage available for oil and natural gas leasing	X	
The Department of the Interior should contract for a study to compare the U.S GOM, Guyana and Mexico of royalty rates, total revenue, block sizes and recent lease sales (last 3 years)	X	
The Department of the Interior should contract to update the IHS-CERA 2011 study, for both onshore and offshore data	X	
Interior should conduct a lease sale in the 1002 area of ANWR ahead of statutory deadlines	X	

3:45p.m. – 4:30p.m.





# **Wrap-up, Timeline, Conclusions, and Next Steps**

## **Adjourn**

**4:30p.m. – 5:00p.m.**

