

Attachment 2: Preliminary Federal Oil and Gas Agreement Royalty Allocation Notice

IN REPLY REFER TO:
3105/3180 (Office Code)
Serial Nos.

Operator
Address

Subject: Notice of Preliminary Federal Oil and Gas Agreement Royalty Allocation

Dear _____,

On September 20, 2024, Congress enacted the Royalty Resiliency Act and changed how Federal operators will report production and pay royalty for production from properties covered by applications for Federal oil and gas agreements. Until the BLM issues a final decision on the application for a Federal oil and gas agreement, the lessee, or its designee, must report and pay royalties on oil and gas production in accordance with the proposed allocation schedule in the pending application for a unit or communitization agreement. Refer to 30 U.S.C. 1721(j) for more information.

The BLM is providing the attached serial register pages (SRP) for all applications for Federal Oil and Gas Agreements that the BLM has received from you. Each SRP provides the BLM serial number, the legal description, and the allocation schedule (located in the Recapitulation Table on the SRP) for the pending application for a Federal oil and gas agreement. The BLM and Office of Natural Resources Revenue use the legacy serial number, if it exists, to tie the wells to the application for an oil and gas agreements in AFMSS. Please review the below table for the agreement serial number to use with the Automated Fluid Mineral Support System (AFMSS):

Note: If this is a new agreement without a serial register page generated, the BLM can attach the Exhibit A and B and replace the previous paragraph with the following paragraph:

The BLM is providing the Exhibit A and Exhibit B for the application for a Federal oil and gas agreement that the BLM has received from you. The exhibits provide the legal description and the allocation schedule for the properties you propose to be included in a Federal oil and gas agreement. Please review the below table for the agreement serial number to use with the Automated Fluid Mineral Support System (AFMSS):

Serial Number	Legacy Serial Number	Federal Allocation Percentage	Agreement Serial Number (as shown in AFMSS)

Serial Number	Legacy Serial Number	Federal Allocation Percentage	Agreement Serial Number (as shown in AFMSS)

To ensure that the BLM ties the wells to the correct associated agreements, the BLM requires you to submit a letter to the Reservoir Management Group/Field Office providing a list of associated producing wells (well name and number, US Well Number, and first production date). This list will allow the BLM to match each well to the correct pending application for a Federal oil and gas agreement. As a reminder, you must also submit a completion report for each well (Federal, State, or private) that will allocate production to the pending application for an oil and gas agreement. You cannot report production or royalties or pay royalties based upon your agreement application until this information is submitted to the BLM in writing.

Please refer any questions on this matter to (Adjudicator), (Title), at (Email and Phone Number).

Sincerely,

Authorized Officer

Enclosure

Copy of all pending agreement SRPs

CC:

ONRR
Field Offices/RMG