

Outer Continental Shelf Deep Water Royalty Relief Act

Agencies: U.S. Department of the Interior

Citation: [43 U.S.C. §§ 1337 et seq.](#)

Enacted as: the “Outer Continental Shelf Deep Water Royalty Relief Act”, on November 28, 1995 as Title III of [Public Law 104-58](#)

Summary:

The [Outer Continental Shelf Deep Water Royalty Relief Act \(DWRRA\)](#) amends the Secretary of the Interior’s discretionary authority to grant royalty relief to producing and non-producing leases in order to promote development, increase production, or encourage marginal production of certain deepwater leases in the Gulf of Mexico. The DWRRA also contains three other major provisions related to leases issued as a result of sales held before and after the date of the DWRRA’s enactment.

Section 303 of the DWRRA establishes a bidding system that allows the Secretary to offer tracts with royalty suspensions for a period, volume, or value of production. Section 304 mandates that all tracts in deep water in certain areas of the Gulf of Mexico, offered within five years of the enactment of this law, must be offered under the new bidding system permitted by the DWRRA. The Secretary must offer such tracts with a specific minimum royalty suspension volume based on water depth.

Existing (pre-Act) leases may apply for royalty suspension for new production in deep water in certain areas of the Gulf of Mexico. This production does not qualify for royalty suspensions if the Secretary determines that the new production would be economic in the absence of royalty relief. Otherwise, the Secretary must determine the volume of production on which no royalty should be due in order to make the new production economically viable.

Source: http://www.oceancommission.gov/documents/gov_oceans/dwrra.pdf and <http://www.boem.gov/Oil-and-Gas-Energy-Program/Energy-Economics/Royalty-Relief/royrelief.aspx>

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