

Bureau of Land Management, Interior

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year intervals beginning 35 years after we determine that your lease is producing in commercial quantities. We will not increase your rental and royalty rates by more than 50 percent of what you paid before BLM adjusted the rate. Also, we will not raise the royalty rate above 22.5 percent.

(b) BLM will notify you in writing of the proposed adjustments. You have 30 days after the date you receive the notice to object to the new rate. If we do not receive your written objection within 30 days, the new rate will become a part of your lease. If you do object in writing, we will issue a final decision on the new rental and royalty rate.

(c) We will set the date that your new terms and conditions become effective.

§ 3210.21 What if I appeal BLM's decision to adjust my lease terms?

If you appeal our decision to adjust your lease terms and conditions, rental or royalty rate, the decision is effective during the appeal. If you win your appeal and we must change our decision, you will receive a refund or credit for any overpaid rents or royalties.

§ 3210.22 Must I prevent drainage of geothermal resources from my lease?

Yes, you must prevent the drainage of geothermal resources from your lease by diligently drilling and pro-

ducing wells which will protect the Federal geothermal resource from loss caused by production from other properties.

§ 3210.23 What will BLM do if I do not protect my lease from drainage?

We will determine the amount of geothermal resources drained from your lease. MMS will bill you for a compensatory royalty based on our findings. This royalty will equal the amount you would have paid for producing those resources. All interest owners in a lease are jointly and severally liable for drainage protection and any compensatory royalties.

Subpart 3211—Fees, Rent, and Royalties

§ 3211.10 What are the filing fees, rent, and minimum royalties for leases?

(a) BLM calculates rents and minimum royalties based on the amount of acreage covered by your lease. First, round up any partial acreage to the next whole acre. For example, rent on a 2,456.39 acre lease is calculated based on 2,457 acres. Then multiply the total number of acres covered by your lease by the appropriate amount set out in the chart in paragraph (b) of this section to determine the amount you owe.

(b) Use the following table to determine the filing fees, rents and minimum royalties owed for your lease.

FILING FEES, RENT, AND ROYALTIES

Type	Competitive leases	Non-competitive leases
(1) Lease Filing Fee	N/A	\$75.00.
(2) Lease Rent	\$2.00 per acre	\$1.00 per acre.
(3) Lease Assignment Filing Fee	\$50.00	\$50.00.
(4) Steam, heat, or energy royalties	Between 10% and 15	Between 10% and 15%.
(5) Demineralized water royalties	5%	5%.
(6) Byproduct royalties	5%	5%.
(7) Minimum royalty	\$2.00 per acre	\$2.00 per acre.
(8) Additional rent/Instead of diligent exploration	\$3.00 per acre in addition to regular lease rent	\$3.00 per acre in addition to regular lease rent.
(9) Additional rent/Instead of commercial quantities production.	\$3.00/year, first 5 years	\$3.00/year, first 5 years
	\$6.00/year, second 5 yrs	\$6.00/year, second 5 years.

Note the exception stated in 43 CFR 3211.16(b).

§ 3211.11 When is my annual rental payment due?

MMS must receive your annual rental payment by the anniversary date of each lease year. There is no grace pe-

riod for rental payments. If the rent for your lease is not paid on time, the lease will automatically terminate by operation of law, unless you meet the conditions of 43 CFR 3213.15. See the MMS regulations in 30 CFR part 218

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which explain when MMS considers a payment as received. If less than a full year remains on a lease, you still must pay a full year's rent by the anniversary date of the lease.

§ 3211.12 How and where do I pay my rent?

(a) Pay BLM the first year's advance rent according to the instructions at 43 CFR 3204.12 or 3205.16. You may use a personal or cashier's check or money order made payable to the Department of the Interior—Bureau of Land Management. You may also make payments by credit card or electronic funds transfer with our prior approval.

(b) For all subsequent years make your rental payments to MMS. See MMS regulations at 30 CFR part 218.

§ 3211.13 Is there a different rental or minimum royalty amount for a fractional interest lease?

Yes, BLM will prorate rents and minimum royalties payable under leases for lands in which the United States owns only a fractional mineral interest. For example, if the United States owns 50% of a 640 acre lease, you pay rent based on 320 acres.

§ 3211.14 Will I always pay rent on my lease?

You are required to pay rent only until you achieve production in commercial quantities. At that time you begin paying royalties instead.

§ 3211.15 Must I pay rent if my lease is committed to an approved cooperative or unit plan?

(a) Before you begin production, if your lease is committed to an approved cooperative or unit plan, you must pay rent in accordance with 43 CFR 3211.10.

(b) Once you begin production, you do not have to pay rent if the lands included in an approved cooperative or unit plan are within the participating area. These lands are subject to royalties instead, under 43 CFR 3211.16. The only exception is for unitized lands outside the participating area, which

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remain subject to rent under 43 CFR 3211.10.

§ 3211.16 What is the royalty rate for production from or attributable to my lease?

The royalty rate for production from or attributable to your lease is prescribed in your lease form. The chart at 43 CFR 3211.10 shows the minimum royalty rates. We will determine the royalty rate to include in your lease form based on the following:

(a) The royalty rate for heat or energy derived from lease production may range from 10 to 15 percent of the heat or energy value;

(b) Except for minerals discussed in paragraph (c) of this section, the royalty rate for the value of byproducts may not exceed five percent:

(1) If derived from production under the lease; and

(2) If sold or utilized or reasonably susceptible to sale or utilization.

(c) The royalty rate for minerals listed in section 1 of the Mineral Leasing Act will be the same as the royalty rate for those minerals provided under BLM regulations in this Title.

(d) The royalty rate for commercially demineralized water produced on a lease may not exceed 5 percent, except that BLM will not charge a royalty for water used in the operations of a utilization facility.

§ 3211.17 When do I owe minimum royalty?

You owe minimum royalty when BLM determines you have a well capable of commercial production but you have not begun actual production. You also owe minimum royalty when the value of actual production is so low that royalty you would pay under the scheduled rate is less than \$2.00 per acre. You should make your minimum royalty payment to MMS under the regulations in 30 CFR part 218.