

Bureau of Land Management, Interior

§ 3210.12

§ 3208.16 During the extension, may I switch my choice to either pay instead of produce in commercial quantities or make significant expenditures?

No, you may not make this change during an extension period. If you request a second extension, you may change your election for the second five year period when you submit your request.

§ 3208.17 If I begin production, do I get a credit for payments made instead of production in commercial quantities or significant expenditures?

No, if you begin production, you will not get a credit against royalties for either payments instead of production or significant expenditures made for that year.

Subpart 3209—Conversion of Lease Producing Byproducts

§ 3209.10 May I convert my geothermal lease to a mineral lease?

You may convert your geothermal lease to a mineral lease, effective the first day of the month following the date BLM determines you have met the terms of conversion, if:

- (a) Your lease is in an extended term;
- (b) The byproducts you are producing in commercial quantities are leasable under the Mineral Leasing Act (30 U.S.C. 181 *et seq.*), or under the Mineral Leasing Act for Acquired Lands (30 U.S.C. 351-358); and
- (c) The lease is primarily valuable for the production of just that mineral.

§ 3209.11 May I convert my geothermal lease to a mining claim?

If the minerals are not leasable but are locatable and would be considered a byproduct if geothermal steam production were to continue, you are entitled to locate these minerals under the mining laws. To acquire these rights, you must complete the mining claim location within 90 days after the geothermal lease terminates. Also, there must have been no intervening location and the lands must be open to entry under the mining laws.

§ 3209.12 May BLM include additional terms and conditions to my converted lease?

If leases converted under either 43 CFR 3209.10 or 3209.11 affect lands withdrawn or acquired to aid some purpose of a Federal department or agency, including the Department of the Interior, BLM may include additional terms and conditions in your lease as prescribed by the appropriate agency.

§ 3209.13 How do I convert my geothermal lease to a mineral lease or a mining claim?

Just send us a request.

Subpart 3210—Additional Lease Information

§ 3210.10 When does lease segregation occur?

- (a) Lease segregation occurs when:
 - (1) A portion of a lease is committed to a unit agreement while other portions are not committed; or
 - (2) Only a portion of a lease is located in a participating area and the unit contracts. The portion of the lease outside the participating area would be eliminated from the unit agreement and segregated as of the effective date of the unit contraction.
- (b) BLM will assign the original lease serial number to the portion within the plan or agreement. We will give the lease portion outside the plan or agreement a new serial number with the same lease terms as the original lease.

§ 3210.11 Does a lease segregated from an agreement or plan receive any benefits from unitization of the committed portion of the original lease?

The new segregated lease stands alone and does not receive any of the benefits provided to the portion committed to the unit. We will not give you an extension for the eliminated portion of the lease based on status of the lands committed to the unit, including production in commercial quantities or the existence of a producible well.

§ 3210.12 May I consolidate leases?

BLM may approve your consolidation of two or more adjacent leases that

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have the same ownership and same lease terms, including expiration dates, if the combined leases do not exceed 2,560 acres in size. We may consolidate leases that have different stipulations if all other lease terms are the same. You must include the processing fee for lease consolidations found in the fee schedule in §3000.12 of this chapter with your request to consolidate leases.

[63 FR 52364, Sept. 30, 1998, as amended at 58875, Oct. 7, 2005]

§ 3210.13 What is the diligent exploration requirement?

(a) During your lease's primary period, you must perform diligent exploration activities to yield new geologic information about the lease or related lands, until either:

- (1) Your approved expenditures on your lease total at least \$40 per acre, or
- (2) BLM places your lease in an additional term.

(b) You must begin diligent exploration by the sixth year of the primary term and continue until there is a well capable of production in commercial quantities. Some examples of activities that would qualify as diligent exploration are geochemical surveys, heat flow measurement, core drilling or drilling of test wells.

§ 3210.14 How do I meet the diligent exploration requirement?

(a) During the first five years of the primary term, you only need to pay your rents. If you make efforts during these first five years that would qualify as diligent exploration expenditures, and we approve them as such during those five years, we will count them toward the requirements of future years.

(b) To qualify as diligent exploration expenditures in lease years six through ten, you must make expenditures equal to the minimum amounts listed in the following table. We will apply approved expenditures which exceed the minimum in any one year to subsequent years.

Lease year	Expenditure per acre
6	\$4
7	6

43 CFR Ch. II (10-1-06 Edition)

Lease year	Expenditure per acre
8	8
9	10
10	12

(c) To give you credit for your expenditures, we must receive your report no later than 60 days after the end of the lease year in which you made the expenditures. You must include the following information in your report:

- (1) The types of operations conducted;
- (2) The location of the operations;
- (3) When the operations occurred;
- (4) The amount of money spent conducting those operations; and
- (5) all geologic information obtained from your operations.

§ 3210.15 Can I do something instead of performing diligent exploration?

If you choose not to conduct diligent exploration, or if your total expenditures do not fully meet the requirement for any lease year, you may still meet the diligent exploration requirement for that year by paying an additional rent of \$3 per acre or fraction of an acre. If you choose this option, you must send your payment to MMS before the end of the lease year.

§ 3210.16 What happens if I do not meet the diligent exploration requirement or pay the additional rent?

BLM will cancel your lease.

§ 3210.17 Can someone lease or locate other minerals on the same lands as my geothermal lease?

Yes. The United States reserves the ownership of and the right to extract helium, oil and hydrocarbon gas from all geothermal steam and associated geothermal resources. In addition, BLM allows mineral leasing or location on the same lands that are leased for geothermal resources, provided that operations under the mineral leasing or mining laws do not unreasonably interfere with or endanger your geothermal operations.