

still would be liable for any unpaid or underpaid royalties under § 211.14.

Liability Persons Who MMS Requires To Report and Pay

Under proposed § 211.18(e), MMS may require any person liable for royalty payments under subpart B to report and pay. This could be necessary where the person principally required to report and pay under § 211.18 fails to do so.

Section 211.19 What Are the Obligations for Proper Reporting and Paying?

How to report and pay. This paragraph would state that if you are required to report and pay under § 211.18, then you must do so timely, accurately, and in the manner MMS specifies. This requires following instructions in the MMS Payor Handbook and the valuation regulations in 30 CFR Parts 202 and 206.

What you must do if you report or pay royalties incorrectly. Under this proposed paragraph, if you do not report and pay royalties properly, MMS may require you to submit amended reports and pay additional royalties.

III. Procedural Matters

The Regulatory Flexibility Act

The Department certifies that this rule will not have significant economic effect on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 611 *et seq.*). The proposed rule will establish and clarify which persons are liable for unpaid or underpaid royalties, compensatory royalties, or other payments on Federal and Indian mineral leases. The proposed rule also clarifies who is required to report and pay royalties on production from those leases.

Executive Order 12630

The Department certifies that the rule does not represent a governmental action capable of interference with constitutionally protected property rights. Thus, a Takings Implication Assessment need not be prepared under Executive Order 12630, "Government Action and Interference with Constitutionally Protected Property Rights."

Executive Order 12778

The Department has certified to the Office of Management and Budget that these final regulations meet the applicable standards provided in Sections 2(a) and 2(b)(2) of Executive Order 12778.

Executive Order 12866

This document has been reviewed under Executive Order 12866 and is not a significant regulatory action requiring Office of Management and Budget review.

Paperwork Reduction Act of 1980

The rule contains revised Payor Information Forms, therefore this rule will be submitted to the Office of Management and Budget under 44 U.S.C. 3501 *et seq.*

National Environmental Policy Act of 1969

We have determined that this rulemaking is not a major Federal action significantly affecting the quality of the human environment, and a detailed statement under section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)) is not required.

List of Subjects in 30 CFR Part 211

Coal, Continental shelf, Geothermal energy, Indians-lands, Mineral resources, Mineral royalties, Natural gas, Oil, Public lands—mineral resources, Reporting and recordkeeping requirements.

Dated: March 21, 1995.

Bob Armstrong,

Assistant Secretary—Land and Minerals Management.

For the reasons set up in the preamble, 30 CFR Part 211 is proposed to be added as follows:

PART 211—LIABILITY FOR ROYALTY DUE ON FEDERAL AND INDIAN LEASES AND RESPONSIBILITY TO REPORT ROYALTY AND OTHER PAYMENTS

Subpart A—General Provisions

Sec.

- 211.10 Purpose.
- 211.11 Scope.
- 211.12 Leases to which this part applies.
- 211.13 Definitions.

Subpart B—Liability

- 211.14 Who is liable for royalties and other payments due on a lease.
- 211.15 Who is liable for payment of compensatory royalty?
- 211.16 How does assignment of record title interests or transfer of operating rights interests affect liability?
- 211.17 How does liability affect the requirement to report and pay royalties?

Subpart C—Reporting and Paying Royalties

- 211.18 Who is required to report and pay royalties?
- 211.19 What are the obligations for proper reporting and paying?

Authority: 5 U.S.C. 301 *et seq.*; 25 U.S.C. 396 *et seq.*, 396a *et seq.*, 2101 *et seq.*; 30

U.S.C. 181 *et seq.*, 351 *et seq.*, 1001 *et seq.*, 1701 *et seq.*; 43 U.S.C. 1301 *et seq.*, 1331 *et seq.*; 1801 *et seq.*

Subpart A—General Provisions

§ 211.10 Purpose.

Part 211 establishes who is liable for royalty, compensatory royalty, and other payments due on Federal and Indian leases. This part also establishes who must report and pay those royalties.

§ 211.11 Scope.

(a) Subpart A explains which leases are subject to this part and what definitions you need to know.

(b) Subpart B explains whether you are liable for royalties, compensatory royalties, or other payments under those leases and the extent of your liability. Nothing in this subpart applies to, or affects, liability for other lease obligations.

(c) Subpart C explains whether you must report and pay royalties on those leases and what your obligations are to report and pay properly.

(d) As explained under Subparts B and C, your liability may be different from your obligation to report and pay royalties.

§ 211.12 Leases to which this part applies.

This part applies to the following leases:

(a) Oil and gas leases subject to 30 U.S.C. § 1701 *et seq.* These leases include Federal onshore leases, Indian leases, and leases on the Outer Continental Shelf.

(b) Coal and other solid mineral leases and agreements that the Secretary of the Interior administers under the mineral leasing laws. These leases include Federal and Indian leases.

(c) Geothermal leases issued under the Geothermal Steam Act of 1970, 30 U.S.C. 1001 *et seq.*

(d) Leases or other agreements under the Indian Mineral Development Act of 1982.

(e) Other mineral leases or agreements for which the Secretary of the Interior collects royalty and other payments.

§ 211.13 Definitions.

In determining if you are liable or if you must report and pay royalties, the following definitions apply:

Approved Federal or Indian agreement—means an agreement for exploration or development of mineral resources as described at 25 CFR Subchapter I, 30 CFR Subchapter B-Offshore, and 43 CFR Part 3000.

Compensatory royalty—means the amount the Bureau of Land Management assesses to compensate for failure to prevent drainage under 43 CFR 3100.2 and 43 CFR 3162.2(a).