



United States Department of the Interior

OFFICE OF NATURAL RESOURCES REVENUE

P.O. Box 25165

Denver, Colorado 80225-0165

JUN 24 2019

Subject: Assessment of Late Payment Charges on Solid Mineral Federal and Indian Leases Reported on the Solid Minerals Production and Royalty Report, Form ONRR-4430 (P&R)

Dear Reporter:

This Reporter Letter notifies you that the Office of Natural Resources Revenue (ONRR), in accordance with the regulations cited and quoted below, will assess a late payment charge on Federal and Indian solid mineral leases for all untimely royalty payments, including royalty adjustments of previously submitted P&R reports.

The regulation that governs when to submit P&R reports, revised reports, and associated payments is 30 CFR §1210.201(b) and reads, in pertinent part, as follows:

(1) Unless your lease terms specify a different frequency for royalty payments, you must submit your Form ONRR-4430 on or before the end of the month following the month in which you produce any solid mineral, sell any solid mineral, or hold any solid mineral production in stockpile or inventory. However, if the last day of the month falls on a weekend or holiday, your Form ONRR-4430 is due on the next business day.

(2) If your lease terms specify a different frequency for royalty payment, then you must submit your Form ONRR-4430 on or before the date on which you must pay royalty under the terms of the lease.

(3) You must submit your Form ONRR-4430 for payment of rents (other than those for which you receive from ONRR a Courtesy Notice as defined in §1218.51(a) of this chapter), minimum royalty, deferred bonus, advance royalty, minimum royalty payable in advance, settlements, recoupments, and other financial obligations on or before the date on which you must pay those obligations under the terms of the lease.

(4) If the information on a previously reported Form ONRR-4430 is no longer correct, you must submit a revised Form ONRR-4430 by the last day of the month in which you learn that the previously reported information is no longer correct, except when the last day of the month falls on a weekend or holiday. If the last day of the month falls on a weekend or holiday, your revised Form ONRR-4430 is due on the first business day of the following month.

The applicable regulation that governs the assessment of a late payment charge associated with solid mineral leases is 30 CFR §1218.202 and reads, in pertinent part, as follows:

(a) The failure to make timely or proper payment of any monies due pursuant to leases and contracts subject to these rules will result in the collection by ONRR of the full amount past due plus a late payment charge. Exceptions to this late payment charge may be granted when estimated payments on minerals production have

already been made timely and otherwise in accordance with instructions provided by ONRR to the operator/lessee. However, late payment charges assessed with respect to any Indian lease, permit, or contract shall be collected and paid to the Indian or tribe to which the amount overdue is owed.

(b) Late payment charges will be assessed on any late payment or underpayment from the date that the payment was due until the date that the payment was received at the ONRR addresses specified in §1218.51. Payments received at the specified ONRR addresses after 4 p.m. mountain time are considered received the following business day.

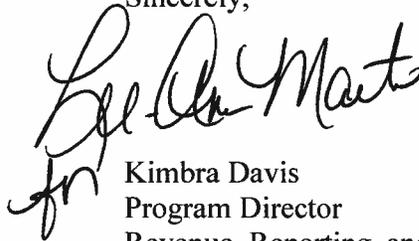
(c) Late payment charges are calculated on the basis of a percentage assessment rate. In the absence of a lease, permit, license or contract provision prescribing a different rate, this percentage assessment rate is prescribed by the Department of the Treasury as the "Treasury Current Value of Funds Rate."

ONRR's authority to collect late payment charges dates back to a rule Interior promulgated in 1982 (47 FR 22524) and most recently clarified in 2000 (65 FR 55187). It has come to ONRR's attention that since the 2000 rule, ONRR may not have assessed late payment charges pursuant to the regulations on original reports or on adjustments that resulted in additional royalties. This Reporter Letter notifies you that ONRR is addressing this oversight and will assess late payment charges on all Federal and Indian solid mineral leases for all untimely royalty payments, including all royalty adjustments, regardless as to whether you identify your royalty adjustment on the P&R as not interest bearing.

ONRR will notify you individually if you owe a late payment charge on a Federal or Indian solid mineral lease; at that time, you may appeal the charge per the applicable regulations at 30 CFR part 1290.

If you have any questions, please contact Mr. Hans Meingast in ONRR's Financial Management Office at (303) 231-3382 or email at Hans.Meingast@onrr.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Kimbra Davis". The signature is stylized and cursive, with a large initial "K" and "D".

Kimbra Davis
Program Director
Revenue, Reporting, and Compliance Management