

pursuant to 30 CFR 206.105(e) and 206.157(e), respectively, results in an overpayment for any sales month because the estimated transportation costs were less than the actual costs, a person may submit a credit adjustment on a Form MMS-2014 to recoup, or may request a refund of, the overpayment. The credit adjustment or request for refund authorized by this paragraph is not subject to the requirements of section 10, and MMS approval is not required before reporting the credit adjustment.

(2) If adjustment of an estimated gas processing allowance pursuant to 30 CFR 206.159(e) results in an overpayment for any sales month because the estimated processing costs were less than the actual costs, a person may submit a credit adjustment on a Form MMS-2014 to recoup, or may request a refund of, the overpayment. The credit adjustment or request for refund authorized by this paragraph is not subject to the requirements of section 10, and MMS approval is not required before reporting the credit adjustment.

(3) If a person makes an error in the report of actual transportation or processing costs pursuant to paragraphs (f)(1) or (f)(2) of this section, any subsequent adjustment to the report that results in a credit is subject to section 10 and the requirements of this subpart.

(g) If a person pays pursuant to an MMS order and challenges the obligation to pay in an administrative appeal or judicial action, and if the person is successful in a challenge to all or part of the MMS order to pay, section 10 does not apply to the refund or recoupment of the disputed payment or portion thereof.

(h) MMS approval is not required for an adjustment by any person to the amount reported for a report month that results in a credit of not more than an amount established periodically by MMS and published in the FEDERAL REGISTER. However, no adjustment may be reported more than 2 years after the date MMS received the Form MMS-2014 including the excess payment.

## PART 232—INTEREST PAYMENTS [RESERVED]

## PART 233—ESCROW AND INVESTMENTS [RESERVED]

## PART 234—BONDING—PAYMENT LIABILITY [RESERVED]

## PART 241—PENALTIES

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*seq.*; 43 U.S.C. 1331 *et seq.*; and 43 U.S.C. 1801 *et seq.*

**Subpart A—General Provisions  
[Reserved]**

**Subpart B—Penalties for Federal  
and Indian Oil and Gas Leases**

SOURCE: 64 FR 26251, May 13, 1999, unless otherwise noted.

CRIMINAL PENALTIES

DEFINITIONS

- 241.80 May the United States criminally prosecute me for violations under Federal and Indian oil and gas leases?

**§ 241.50 What definitions apply to this subpart?**

The terms used in this subpart have the same meaning as in 30 U.S.C. 1702.

**Subpart C—Federal and Indian Oil  
[Reserved]**

PENALTIES AFTER A PERIOD TO CORRECT

**Subpart D—Federal and Indian Gas  
[Reserved]**

**§ 241.51 What may MMS do if I violate a statute, regulation, order, or lease term relating to a Federal or Indian oil and gas lease?**

**Subpart E—Solid Minerals, General  
[Reserved]**

**Subpart F—Coal [Reserved]**

**Subpart G—Other Solid Minerals  
[Reserved]**

**Subpart H—Geothermal [Reserved]**

**Subpart I—OCS Sulfur [Reserved]**

- (a) If we believe that you have not followed any requirement of a statute, regulation, order, or terms of a lease for any Federal or Indian oil or gas lease, we may send you a Notice of Noncompliance telling you what the violation is and what you need to do to correct it to avoid civil penalties under 30 U.S.C. 1719(a) and (b).
- (b) We will send the Notice to your address of record as shown in the following table:

AUTHORITY: 25 U.S.C. 396 *et seq.*; 25 U.S.C. 396a *et seq.*; 25 U.S.C. 2101 *et seq.*; 30 U.S.C. 181 *et seq.*; 30 U.S.C. 351 *et seq.*; 30 U.S.C. 1001 *et seq.*; 30 U.S.C. 1701 *et seq.*; 43 U.S.C. 1301 *et*

For notices of noncompliance to—	The addressee of record is—	And—
<p>(1) A refiner or other party involved in disposition of Federal royalty taken in kind.</p>	<p>The position title, department name and address, or individual name and address in the executed royalty sale contract; or a different position title, department name and address, or individual name and address that the refiner or other party under the executed royalty sale contract identifies in writing for billing purposes; or an agent designated in writing to receive notices of noncompliance.</p>	<p>The refiner or other party must notify MMS in writing of all addressee changes.</p>
<p>(2) Any person required to report oil or gas removed from Federal or Indian leases to the RMP Production Accounting and Auditing System.</p>	<p>The most recent position title, department name and address, or individual name and address that RMP has in its records for the reporter/payor; or an agent designated in writing to receive notices of noncompliance.</p>	<p>The reporter/payor must notify RMP, in writing, of any addressee changes.</p>
<p>(3) A lessee, designee, reporter or payor whose records are subject to audit.</p>	<p>The position title, department name and address, or individual name and address the lessee, designee, reporter or payor identifies in writing at the initiation of the audit; or the most recent addressee that the lessee, designee, reporter or payor specified in writing; or an agent designated in writing to receive notices of noncompliance.</p>	<p>The lessee, designee, reporter or payor must notify MMS of any addressee changes.</p>
<p>(4) A reporter reporting on the "Report of Sales and Royalty Remittance" (Form MMS-2014).</p>	<p>The most recent position title, department name and address, or individual name and address that the lessee, designee, reporter or payor identifies in writing; or an agent designated in writing to receive notices of noncompliance.</p>	<p>The lessee, designee, reporter or payor is responsible for notifying RMP in writing of any addressee changes.</p>
<p>(5) A lessee, designee, reporter or payor who remits rental and bonuses from nonproducing Federal leases.</p>	<p>The most recent position title, department name and address, or individual name and address maintained in RMP records; or an agent designated in writing to receive notices of noncompliance.</p>	<p>The lessee, designee, reporter or payor is responsible for notifying RMP in writing of any addressee changes.</p>

§ 241.52

(c) We will serve Notices of Non-compliance by using registered mail or personal service.

**§ 241.52 What if I correct the violation?**

The matter will be closed if you correct all of the violations identified in the Notice of Noncompliance within 20 days after you receive the Notice (or within a longer time period specified in the Notice).

**§ 241.53 What if I do not correct the violation?**

(a) We may send you a Notice of Civil Penalty if you do not correct all of the violations identified in the Notice of Noncompliance within 20 days after you receive the Notice of Noncompliance (or within a longer time period specified in that Notice). The Notice of Civil Penalty will tell you how much penalty you must pay. The penalty may be up to \$500 per day, beginning with the date of the Notice of Noncompliance, for each violation identified in the Notice of Noncompliance for as long as you do not correct the violations.

(b) If you do not correct all of the violations identified in the Notice of Noncompliance within 40 days after you receive the Notice of Noncompliance (or 20 days following the expiration of a longer time period specified in that Notice), we may increase the penalty to up to \$5,000 per day, beginning with the date of the Notice of Noncompliance, for each violation for as long as you do not correct the violations.

**§ 241.54 How may I request a hearing on the record on a Notice of Non-compliance?**

You may request a hearing on the record on a Notice of Noncompliance by filing a request within 30 days of the date you received the Notice of Noncompliance with the Hearings Division (Departmental), Office of Hearings and Appeals, U.S. Department of the Interior, 4015 Wilson Boulevard, Arlington, Virginia 22203. You may do this regardless of whether you correct the violations identified in the Notice of Non-compliance.

30 CFR Ch. II (7-1-99 Edition)

**§ 241.55 Does my request for a hearing on the record affect the penalties?**

(a) If you do not correct the violations identified in the Notice of Non-compliance, the penalties will continue to accrue even if you request a hearing on the record.

(b) You may petition the Hearings Division (Departmental) of the Office of Hearings and Appeals, to stay the accrual of penalties pending the hearing on the record and a decision by the Administrative Law Judge under § 241.72.

(1) You must file your petition within 45 calendar days of receiving the Notice of Noncompliance.

(2) To stay the accrual of penalties, you must post a bond or other surety instrument using the same standards and requirements as prescribed in 30 CFR part 243, subpart B, or demonstrate financial solvency using the same standards and requirements as prescribed in 30 CFR part 243, subpart C, for the principal amount of any unpaid amounts due that are the subject of the Notice of Noncompliance, including interest thereon, plus the amount of any penalties accrued before the date a stay becomes effective.

(3) The Hearings Division will grant or deny the petition under 43 CFR 4.21(b).

**§ 241.56 May I request a hearing on the record regarding the amount of a civil penalty if I did not request a hearing on the Notice of Non-compliance?**

(a) You may request a hearing on the record to challenge only the amount of a civil penalty when you receive a Notice of Civil Penalty, if you did not previously request a hearing on the record under § 241.54. If you did not request a hearing on the record on the Notice of Noncompliance under § 241.54, you may not contest your underlying liability for civil penalties.

(b) You must file your request within 10 days after you receive the Notice of Civil Penalty with the Hearings Division (Departmental), Office of Hearings and Appeals, U.S. Department of the Interior, 4015 Wilson Boulevard, Arlington, Virginia 22203.

## Minerals Management Service, Interior

## § 241.63

### PENALTIES WITHOUT A PERIOD TO CORRECT

#### **§241.60 May I be subject to penalties without prior notice and an opportunity to correct?**

The Federal Oil and Gas Royalty Management Act sets out several specific violations for which penalties accrue without an opportunity to first correct the violation.

(a) Under 30 U.S.C. 1719(c), you may be subject to penalties of up to \$10,000 per day per violation for each day the violation continues if you:

(1) Knowingly or willfully fail to make any royalty payment by the date specified by statute, regulation, order or terms of the lease;

(2) Fail or refuse to permit lawful entry, inspection, or audit; or

(3) Knowingly or willfully fail or refuse to notify the Secretary, within 5 business days after any well begins production on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, of the date on which production has begun or resumed.

(b) Under 30 U.S.C. 1719(d), you may be subject to civil penalties of up to \$25,000 per day for each day each violation continues if you:

(1) Knowingly or willfully prepare, maintain, or submit false, inaccurate, or misleading reports, notices, affidavits, records, data, or other written information;

(2) Knowingly or willfully take or remove, transport, use or divert any oil or gas from any lease site without having valid legal authority to do so; or

(3) Purchase, accept, sell, transport, or convey to another person, any oil or gas knowing or having reason to know that such oil or gas was stolen or unlawfully removed or diverted.

#### **§241.61 How will MMS inform me of violations without a period to correct?**

We will inform you of violations without a period to correct by issuing a Notice of Noncompliance explaining what the violation is and how to correct it. We also will send you a Notice of Civil Penalty stating the amount of the penalty. The Notice of Noncompli-

ance and Notice of Civil Penalty may be issued simultaneously. We will send the Notice of Noncompliance and the Notice of Civil Penalty to your address of record under §241.51(b) using the means of service specified under §241.51(c).

#### **§241.62 How may I request a hearing on the record on a Notice of Non-compliance regarding violations without a period to correct?**

You may request a hearing on the record of a Notice of Noncompliance regarding violations without a period to correct by filing a request within 30 days after you receive the Notice of Noncompliance with the Hearings Division (Departmental), Office of Hearings and Appeals, U.S. Department of the Interior, 4015 Wilson Boulevard, Arlington, Virginia 22203. You may do this regardless of whether you correct the violations identified in the Notice of Noncompliance.

#### **§241.63 Does my request for a hearing on the record affect the penalties?**

(a) If you do not correct the violations identified in the Notice of Noncompliance regarding violations without a period to correct, the penalties will continue to accrue even if you request a hearing on the record.

(b) You may ask the Hearings Division (Departmental) to stay the accrual of penalties pending the hearing on the record and a decision by the Administrative Law Judge under §241.72.

(1) You must file your petition within 45 calendar days after you receive the Notice of Noncompliance.

(2) To stay the accrual of penalties, you must post a bond or other surety instrument using the same standards and requirements as prescribed in 30 CFR part 243, subpart B, or demonstrate financial solvency using the same standards and requirements as prescribed in 30 CFR part 243, subpart C, for the principal amount of any unpaid amounts due that are the subject of the Notice of Noncompliance, including interest thereon, plus the amount of any penalties accrued before the date a stay becomes effective.

(3) The Hearings Division will grant or deny the petition under 43 CFR 4.21(b).

**§241.64 May I request a hearing on the record regarding the amount of a civil penalty if I did not request a hearing on the Notice of Non-compliance?**

(a) You may request a hearing on the record to challenge only the amount of a civil penalty when you receive a Notice of Civil Penalty regarding violations without a period to correct, if you did not previously request a hearing on the record under §241.62. If you did not request a hearing on the record on the Notice of Noncompliance under §241.62, you may not contest your underlying liability for civil penalties.

(b) You must file your request within 10 days after you receive Notice of Civil Penalty with the Hearings Division (Departmental), Office of Hearings and Appeals, U.S. Department of the Interior, 4015 Wilson Boulevard, Arlington, Virginia 22203.

GENERAL PROVISIONS

**§241.70 How does MMS decide what the amount of the penalty should be?**

We determine the amount of the penalty by considering the severity of the violations, your history of compliance, and if you are a small business.

**§241.71 Does the penalty affect whether I owe interest?**

(a) The penalties under this part are in addition to interest you may owe on any underlying underpayments or unpaid debt.

(b) If you do not pay the penalty by the date required under §241.75(d), MMS will assess you late payment interest on the penalty amount at the same rate interest is assessed under 30 CFR 218.54.

**§241.72 How will the Office of Hearings and Appeals conduct the hearing on the record?**

If you request a hearing on the record under §§241.54, 241.56, 241.62 or 241.64, the hearing will be conducted by a Departmental Administrative Law Judge from the Office of Hearings and Appeals. After the hearing, the Administrative Law Judge will issue a decision in accordance with the evidence presented and applicable law.

**§241.73 How may I appeal the Administrative Law Judge's decision?**

If you are adversely affected by the Administrative Law Judge's decision, you may appeal that decision to the Interior Board of Land Appeals under 43 CFR part 4, subpart E.

**§241.74 May I seek judicial review of the decision of the Interior Board of Land Appeals?**

Under 30 U.S.C. 1719(j), you may seek judicial review of the decision of the Interior Board of Land Appeals. A suit for judicial review in the District Court will be barred unless filed within 90 days after the final order.

**§241.75 When must I pay the penalty?**

(a) You must pay the amount of the Notice of Civil Penalty issued under §§241.53 or 241.61, if you do not request a hearing on the record under §241.54, §241.56, §241.62, or §241.64.

(b) If you request a hearing on the record under §241.54, §241.56, §241.62, or §241.64, but you do not appeal the determination of the Administrative Law Judge to the Interior Board of Land Appeals under §241.73, you must pay the amount assessed by the Administrative Law Judge.

(c) If you appeal the determination of the Administrative Law Judge to the Interior Board of Land Appeals, you must pay the amount assessed in the IBLA decision.

(d) You must pay the penalty assessed within 40 days after:

(1) You received the Notice of Civil Penalty, if you did not request a hearing on the record under either §241.54, §241.56, §241.62, or §241.64;

(2) You received an Administrative Law Judge's decision under §241.72, if you obtained a stay of the accrual of penalties pending the hearing on the record under §241.55(b) or §241.63(b) and did not appeal the Administrative Law Judge's determination to the IBLA under §241.73;

(3) You received an IBLA decision under §241.73 if the IBLA continued the stay of accrual of penalties pending its decision and you did not seek judicial review of the IBLA's decision; or

(4) A final non-appealable judgment of a court of competent jurisdiction is entered, if you sought judicial review

of the IBLA's decision and the Department or the appropriate court suspended compliance with the IBLA's decision pending the adjudication of the case.

(e) If you do not pay, that amount is subject to collection under the provisions of §241.77.

**§241.76 Can MMS reduce my penalty once it is assessed?**

Under 30 U.S.C. 1719(g), the Director or his or her delegate may compromise or reduce civil penalties assessed under this part.

**§241.77 How may MMS collect the penalty?**

(a) MMS may use all available means to collect the penalty including, but not limited to:

(1) Requiring the lease surety, for amounts owed by lessees, to pay the penalty;

(2) Deducting the amount of the penalty from any sums the United States owes to you; and

(3) Using judicial process to compel your payment under 30 U.S.C. 1719(k).

(b) If the Department uses judicial process, or if you seek judicial review under §241.74 and the court upholds assessment of a penalty, the court shall have jurisdiction to award the amount assessed plus interest assessed from the date of the expiration of the 90-day period referred to in §241.74. The amount of any penalty, as finally determined, may be deducted from any sum owing to you by the United States.

CRIMINAL PENALTIES

**§241.80 May the United States criminally prosecute me for violations under Federal and Indian oil and gas leases?**

If you commit an act for which a civil penalty is provided at 30 U.S.C. 1719(d) and §241.60(b), the United States may pursue criminal penalties as provided at 30 U.S.C. 1720, in addition to any authority for prosecution under other statutes.

**Subpart C—Federal and Indian Oil [Reserved]**

**Subpart D—Federal and Indian Gas [Reserved]**

**Subpart E—Solid Minerals, General [Reserved]**

**Subpart F—Coal [Reserved]**

**Subpart G—Other Solid Minerals [Reserved]**

**Subpart H—Geothermal [Reserved]**

**Subpart I—OCS Sulfur [Reserved]**

**PART 242—ORDERS [RESERVED]**

**PART 243—SUSPENSIONS PENDING APPEAL AND BONDING—ROYALTY MANAGEMENT PROGRAM**

**Subpart A—General Provisions**

Sec.

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- 243.2 What leases are subject to this part?
- 243.3 What definitions apply to this part?
- 243.4 How do I suspend compliance with an order?
- 243.5 May another person post a bond or other surety instrument or demonstrate financial solvency on my behalf?
- 243.6 When must I or another person meet the bonding or financial solvency requirements under this part?
- 243.7 What must a person do when posting a bond or other surety instrument or demonstrating financial solvency on behalf of an appellant?
- 243.8 When will MMS suspend my obligation to comply with an order?
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- 243.10 When will MMS collect against a bond or other surety instrument or a person demonstrating financial solvency?
- 243.11 May I appeal the MMS bond-approving officer's determination of my surety amount or financial solvency?
- 243.12 May I substitute a demonstration of financial solvency for a bond posted before the effective date of this rule?