

programs, automated files, and supporting systems documentation used to produce automated reports or magnetic tapes submitted to MMS.

(b) *Period for keeping records.* All records pertaining to Federal geothermal leases shall be maintained by a lessee, operator, revenue payor, or other person for 6 years after the records are generated unless the recordholder is notified, in writing, before the expiration of that 6-year period that records must be maintained for a longer period for purposes of audit or investigation. When an audit or investigation is underway, records shall be maintained until the recordholder is released by written notice of the obligation to maintain records.

(c) *Access to records.* The Associate Director for Minerals Revenue Management shall have access to all records in the possession of the lessee, operator, revenue payor, or other person pertaining to compliance with royalty obligations under Federal geothermal leases (regardless of whether such records were generated more than 6 years before a request or order to produce them and they otherwise were not disposed of), including, but not limited to:

(1) Qualities and quantities of all products extracted, processed, sold, delivered, or used by the operator/lessee;

(2) Prices received for products, prices paid for like or similar products, and internal transfer prices; and

(3) Costs of extraction, power generation, electrical transmission, and by-product transportation.

(d) *Inspection of Records.* The lessee, operator, revenue payor, or other person required to keep records shall be responsible for making the records available for inspection. Records shall be made available at a business location of the lessee, operator, revenue payor, or other person during normal business hours upon the request of any officer, employee, or other party authorized by the Secretary. Lessees, operators, revenue payors, and other persons will be given a reasonable period of time to produce records.

[56 FR 57286, Nov. 8, 1991, as amended at 67 FR 19111, Apr. 18, 2002]

### Subpart I—OCS Sulfur [Reserved]

## PART 215—ACCOUNTING AND AUDITING STANDARDS [RESERVED]

### PART 217—AUDITS AND INSPECTIONS

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

##### Subpart B—Oil and Gas, General

Sec.

217.50 Audits of records.

217.51 Lease account reconciliation.

217.52 Definitions.

##### Subpart C—Oil and Gas, Onshore [Reserved]

##### Subpart D—Oil, Gas and Sulfur, Offshore [Reserved]

##### Subpart E—Coal

217.200 Audits.

##### Subpart F—Other Solid Minerals

217.250 Audits.

##### Subpart G—Geothermal Resources

217.300 Audits or review of records.

217.301 Lease account reconciliations.

217.302 Definitions.

##### Subpart H—Indian Lands [Reserved]

AUTHORITY: 35 Stat. 312; 35 Stat. 781, as amended; secs. 32, 6, 26, 41 Stat. 450, 753, 1248; secs. 1, 2, 3, 44 Stat. 301, as amended; secs. 6, 3, 44 Stat. 659, 710; secs. 1, 2, 3, 44 Stat. 1057; 47 Stat. 1487; 49 Stat. 1482, 1250, 1967, 2026; 52 Stat. 347; sec. 10, 53 Stat. 1196, as amended; 56 Stat. 273; sec. 10, 61 Stat. 915; sec. 3, 63 Stat. 683; 64 Stat. 311; 25 U.S.C. 396, 396a-f, 30 U.S.C. 189, 271, 281, 293, 359. Interpret or apply secs. 5, 5, 44 Stat. 302, 1058, as amended; 58 Stat. 483-485; 5 U.S.C. 301, 16 U.S.C. 508b, 30 U.S.C. 189, 192c, 271, 281, 293, 359, 43 U.S.C. 387, unless otherwise noted.

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

##### Subpart B—Oil and Gas, General

AUTHORITY: The Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1701 *et seq.*).

SOURCE: 49 FR 37345, Sept. 21, 1984, unless otherwise noted.

## Minerals Management Service, Interior

## § 217.302

### § 217.50 Audits of records.

The Secretary, or his/her authorized representative, shall initiate and conduct audits relating to the scope, nature and extent of compliance by lessees, operators, revenue payors, and other persons with rental, royalty, net profit share and other payment requirements on a Federal or Indian oil and gas lease. Audits also will relate to compliance with applicable regulations and orders. All audits will be conducted in accordance with the notice and other requirements of 30 U.S.C. 1717.

### § 217.51 Lease account reconciliation.

Specific lease account reconciliations shall be performed with priority being given to reconciling those lease accounts specifically identified by a State or Indian tribe as having significant potential for underpayment.

### § 217.52 Definitions.

Terms used in this subpart shall have the same meaning as in 30 U.S.C. 1702.

## Subpart C—Oil and Gas, Onshore [Reserved]

## Subpart D—Oil, Gas and Sulfur, Offshore [Reserved]

## Subpart E—Coal

### § 217.200 Audits.

An audit of the accounts and books of operators/lessees for the purpose of determining compliance with Federal lease terms relating to Federal royalties may be required annually or at other times as directed by the Associate Director for Minerals Revenue Management. The audit shall be performed by a qualified independent certified public accountant or by an independent public accountant licensed by a State, territory, or insular possession of the United States or the District of Columbia, and at the expense of the operator/lessee. The operator/lessee shall furnish, free of charge, duplicate copies of audit reports that express opinions on such compliance to the Associate Director for Minerals Revenue Management within 30 days after the completion of each audit. Where such audits are required, the Associate Director for

Minerals Revenue Management will specify the purpose and scope of the audit and the information which is to be verified or obtained.

[47 FR 33195, July 30, 1982. Redesignated at 48 FR 35641, Aug. 5, 1983, as amended at 67 FR 19112, Apr. 18, 2002]

## Subpart F—Other Solid Minerals

### § 217.250 Audits.

An audit of the lessee's accounts and books may be made annually or at such other times as may be directed by the mining supervisor, by certified public accountants, and at the expense of the lessee. The lessee shall furnish free of cost duplicate copies of such annual or other audits to the mining supervisor, within 30 days after the completion of each auditing.

[37 FR 11041, June 1, 1972. Redesignated at 48 FR 35641, Aug. 5, 1983]

## Subpart G—Geothermal Resources

SOURCE: 72 FR 24468, May 2, 2007, unless otherwise noted.

### § 217.300 Audit or review of records.

The Secretary, or his/her authorized representative, will initiate and conduct audits or reviews relating to the scope, nature, and extent of compliance by lessees, operators, revenue payors, and other persons with rental, royalty, fees, and other payment requirements on a Federal geothermal lease. Audits or reviews will also relate to compliance with applicable regulations and orders. All audits or reviews will be conducted in accordance with this part.

### § 217.301 Lease account reconciliations.

Specific lease account reconciliations will be performed with priority being given to reconciling those lease accounts specifically identified by a State as having significant potential for underpayment.

### § 217.302 Definitions.

Terms used in this subpart will have the same meaning as in 30 U.S.C. 1702.

**Subpart H—Indian Lands  
[Reserved]**

**PART 218—COLLECTION OF MON-  
IES AND PROVISION FOR GEO-  
THERMAL CREDITS AND INCEN-  
TIVES**

**Subpart A—General Provisions**

## Sec.

- 218.10 Information collection.  
218.40 Assessments for incorrect or late reports and failure to report.  
218.41 Assessments for failure to submit payment of same amount as Form MMS-2014 or bill document or to provide adequate information.  
218.42 Cross-lease netting in calculation of late-payment interest.

**Subpart B—Oil and Gas, General**

- 218.50 Timing of payment.  
218.51 How to make payments.  
218.52 How does a lessee designate a Designee?  
218.53 Recoupment of overpayments on Indian mineral leases.  
218.54 Late payments.  
218.55 Interest payments to Indians.  
218.56 Definitions.

**Subpart C—Oil and Gas, Onshore**

- 218.100 Royalty and rental payments.  
218.101 Royalty and rental remittance (naval petroleum reserves).  
218.102 Late payment or underpayment charges.  
218.103 Payments to States.  
218.104 Exemption of States from certain interest and penalties.  
218.105 Definitions.

**Subpart D—Oil, Gas and Sulfur, Offshore**

- 218.150 Royalties, net profit shares, and rental payments.  
218.151 Rental fees.  
218.152 Fishermen's Contingency Fund.  
218.153 [Reserved]  
218.154 Effect of suspensions on royalty and rental.  
218.155 Method of payment.  
218.156 Definitions.

**Subpart E—Solid Minerals—General**

- 218.200 Payment of royalties, rentals, and deferred bonuses.  
218.201 Method of payment.  
218.202 Late payment or underpayment charges.  
218.203 Recoupment of overpayments on Indian mineral leases.

**Subpart F—Geothermal Resources**

- 218.300 Payment of royalties, rentals, and deferred bonuses.  
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218.302 Late payment or underpayment charges.  
218.303 May I credit rental towards royalty?  
218.304 May I credit rental towards direct use fees?  
218.305 How do I pay advanced royalties I owe under BLM regulations?  
218.306 May I receive a credit against production royalties for in-kind deliveries of electricity I provide under contract to a State or county government?  
218.307 How do I pay royalties due for my existing leases that qualify for near-term production incentives under BLM regulations?

**Subpart G—Indian Lands [Reserved]**

**Subpart H—Service of Official  
Correspondence**

- 218.500 What is the purpose of this subpart?  
218.520 What definitions apply to this subpart?  
218.540 How does MMS serve official correspondence?  
218.560 How do I submit Form MMS-4444?  
218.580 When do I submit Form MMS-4444?

AUTHORITY: 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.*; 31 U.S.C. 3335; 43 U.S.C. 1301 *et seq.*, 1331 *et seq.*, and 1801 *et seq.*

SOURCE: 48 FR 35641, Aug. 5, 1983, unless otherwise noted.

**Subpart A—General Provisions**

**§218.10 Information collection.**

The information collection requirements contained in this part have been approved by OMB under 44 U.S.C. 3501 *et seq.* The forms, filing date, and approved OMB clearance numbers are identified in 30 CFR 210.10.

[57 FR 41867, Sept. 14, 1992]

**§218.40 Assessments for incorrect or late reports and failure to report.**

(a) An assessment of an amount not to exceed \$10 per day may be charged for each report not received by MMS by the designated due date for geothermal, solid minerals, and Indian oil and gas leases.

(b) An assessment of an amount not to exceed \$10 per day may be charged for each incorrectly completed report