

§ 3927.10

BLM state office that issued the R, D and D lease. The conversion application must include:

(1) Documentation that there have been commercial quantities of oil shale produced from the lease, including the narrative required by the R, D and D leases;

(2) Documentation that the lessee consulted with state and local officials to develop a plan for mitigating the socioeconomic impacts of commercial development on communities and infrastructure;

(3) A bid payment no less than specified in § 3923.10 and equal to the FMV of the lease; and

(4) Bonding as required by § 3904.14 of this chapter.

(c) The lessee of an R, D and D lease has the exclusive right to acquire any and all portions of the preference right area designated in the R, D and D lease up to a total of 5,120 acres in the lease. The BLM will approve the conversion application, in whole or in part, if it determines that:

(1) There have been commercial quantities of shale oil produced from the lease;

(2) The bid payment for the lease met FMV;

(3) The lessee consulted with state and local officials to develop a plan for mitigating the socioeconomic impacts of commercial development on communities and infrastructure;

(4) The bond is consistent with § 3904.14 of this chapter; and

(5) Commercial scale operations can be conducted, subject to mitigation measures to be specified in stipulations or regulations, in a manner that complies with applicable law and regulation.

(d) The commercial lease must contain terms consistent with the regulations in parts 3900 and 3910 of this chapter, this part, and part 3930 of this chapter, and stipulations developed through appropriate NEPA analysis.

Subpart 3927—Lease Terms

§ 3927.10 Lease form.

Leases are issued on a BLM approved standard form. The BLM may modify those provisions of the standard form that are not required by statute or reg-

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ulations and may add such additional stipulations and conditions, as appropriate, with notice to bidders in the notice of sale.

§ 3927.20 Lease size.

The maximum size of an oil shale lease is 5,760 acres.

§ 3927.30 Lease duration and notification requirement.

Leases issue for a period of 20 years and continue as long as there is annual minimum production or as long as there are payments in lieu of production (see § 3903.51 of this chapter). The BLM may initiate procedures to cancel a lease under subpart 3934 of this chapter for not maintaining annual minimum production, for not making the payment in lieu of production, or for not complying with the lease terms, including the diligent development milestones (see § 3930.30 of this chapter). The operator or lessee must notify the BLM of any change of address or operator or lessee name.

§ 3927.40 Effective date of leases.

Leases are dated and effective the first day of the month following the date the BLM signs it. However, upon receiving a prior written request, the BLM may make the effective date of the lease the first day of the month in which the BLM signs it.

§ 3927.50 Diligent development.

Oil shale lessees must meet:

(a) Diligent development milestones;

(b) Annual minimum production requirements or payments in lieu of production starting the 10th lease year, except when the BLM determines that operations under the lease are interrupted by strikes, the elements, or causes not attributable to the lessee. Market conditions are not considered a valid reason to waive or suspend the requirements for annual minimum production. The BLM will determine the annual production requirements based on the extraction technology to be used and on the BLM's estimate of the recoverable resources on the lease, expected life of the operation, and other factors.