

§ 3930.30

remains or any historical or archaeological site, structure, building, or object on Federal lands, it must immediately notify the BLM. Operators must not, without prior BLM approval, knowingly disturb, alter, damage, or destroy any scientifically important paleontological remains or any historical or archaeological site, structure, building, or object on Federal lands.

§ 3930.30 Diligent development milestones.

(a) Operators must diligently develop the oil shale resources consistent with the terms and conditions of the lease, POD, and these regulations. If the operator does not maintain or comply with diligent development milestones, the BLM may initiate lease cancellation. In order to be considered diligently developing the lease, the lessee/operator must comply with the following diligence milestones:

(1) Milestone 1. Within 2 years of the lease issuance date, submit to the proper BLM office an initial POD that meets the requirements of subpart 3931. The operator must revise the POD following subpart 3931, if the BLM determines that the initial POD is unacceptable;

(2) Milestone 2. Within 3 years of the lease issuance date, submit a final POD. The BLM may, based on circumstances beyond the control of the lessee or operator, or on the complexity of the POD, grant a 1 year extension to the lessee or operator to submit a complete POD;

(3) Milestone 3. Within 2 years after the BLM approves the final POD, apply for all required Federal and state permits and licenses;

(4) Milestone 4. Before the end of the 7th year after lease issuance, begin permitted infrastructure installation, as required by the BLM approved POD; and

(5) Milestone 5. Before the end of the 10th year after lease issuance, begin oil shale production.

(b) Operators may apply for additional time to complete a milestone. The BLM may grant additional time for completing a milestone if the operator provides documentation that shows to the BLM's satisfaction that achieving the milestone by the dead-

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line is not possible for reasons that are beyond the control of the operator. Allowable time extensions to meet milestone 4 will extend the requirement to begin production in the 10th lease year by an amount of time equal to the extension granted for milestone 4. This extension also extends the requirements for payments in lieu of production and minimum production under paragraphs (c), (d), and (e) of this section.

(c) Operators must maintain minimum annual production every year after the 10th lease year or pay in lieu of production according to the lease terms.

(d) Each lease will provide for minimum production. The minimum production requirement stated in the lease must be met by the end of the 10th lease year and will be based on the BLM's estimate of the extraction technology to be used, the recoverable resources on the lease, expected life of the operation, and other factors the BLM considers.

(e) Each lease will provide for payment in lieu of the minimum production for any particular year starting in the 10th lease year. Payments in lieu of production in year 10 of the lease satisfies Milestone 5 in paragraph (a)(5) of this section.

§ 3930.40 Assessments for missing diligence milestones.

The BLM will assess \$50 for each acre in the lease for each missed diligence milestone each year, prorated on a daily basis, until the operator or lessee complies with § 3930.30(a). For example: If the operator does not submit the required POD within the required 2 years after lease issuance (the first milestone), the BLM will assess the operator \$50 per acre per year until the milestone is met. If the operator does not meet the second milestone, the BLM will assess the operator an additional \$50 per acre per year, resulting in a total assessment of \$100 per acre per year. If the operator does not begin production by the end of the initial lease term, or make payments in lieu thereof, the BLM may initiate lease cancellation procedures (see §§ 3934.21 and 3934.22).