

(b) If the amount collected under your bond or other security is insufficient to pay the full cost of corrective action, BOEM may take or direct action to obtain full compliance and recover all costs in excess of the forfeited bond from you or any co-lessee or co-grantee.

(c) If the amount collected under your bond or other security exceeds the full cost of corrective action to bring your lease or grant(s) into compliance, we will return the excess funds to the party from whom the excess was collected.

§§ 585.538–585.539 [Reserved]

REVENUE SHARING WITH STATES

**§ 585.540 How will BOEM equitably distribute revenues to States?**

(a) BOEM will distribute among the eligible coastal States 27 percent of the following revenues derived from qualified projects, where a qualified project and qualified project area is determined in § 585.541 and an eligible State is determined in § 585.542, with each term defined in § 585.112. Revenues subject to distribution to eligible States include all bonuses, acquisition fees, rentals, and operating fees derived from the entire qualified project area and associated project easements not limited to revenues attributable to the portion of the project area within 3 miles of the seaward boundary of a coastal State. The revenues to be shared do not include administrative fees such as service fees and those assessed for civil penalties and forfeiture of bond or other surety obligations.

(b) The project area is the area included within a single lease or grant. For each qualified project, BOEM will determine and announce the project area and its geographic center at the time it grants or issues a lease, easement, or right-of-way on the OCS. If a qualified project lease or grant's boundaries change significantly due to actions pursuant to §§ 585.435 or 585.436, BOEM will re-evaluate the project area to determine whether the geographic center has changed. If it has, BOEM will re-determine State eligibility and shares accordingly.

(c) To determine each eligible State's share of the 27 percent of the revenues

for a qualified project, BOEM will use the inverse distance formula, which apportions shares according to the relative proximity of the nearest point on the coastline of each eligible State to the geographic center of the qualified project area. If  $S_i$  is equal to the nearest distance from the geographic center of the project area to the  $i = 1, 2, \dots, n$ th eligible State's coastline, then eligible State  $i$  would be entitled to the fraction  $F_i$  of the 27-percent aggregate revenue share due to all the eligible States according to the formula:

$$F_i = (1/S_i) \div (\sum_{i=1}^n (1/S_i)).$$

**§ 585.541 What is a qualified project for revenue sharing purposes?**

A qualified project for the purpose of revenue sharing with eligible coastal States is one authorized under subsection 8(p) of the OCS Lands Act, which includes acreage within the area extending 3 nautical miles seaward of State submerged lands. A qualified project is subject to revenue sharing with those States that are eligible for revenue sharing under § 585.542. The entire area within a lease or grant for the qualified project, excluding project easements, is considered the qualified project area.

**§ 585.542 What makes a State eligible for payment of revenues?**

A State is eligible for payment of revenues if any part of the State's coastline is located within 15 miles of the announced geographic center of the project area of a qualified project. A State is not eligible for revenue sharing if all parts of that State's coastline are more than 15 miles from the announced geographic center of the qualified project area. This is the case even if the qualified project area is located wholly or partially within an area extending 3 nautical miles seaward of the submerged lands of that State or if there are no States with a coastline less than 15 miles from the announced geographic center of the qualified project area.

**§ 585.543 Example of how the inverse distance formula works.**

(a) Assume that the geographic center of the project area lies 12 miles from the closest coastline point of

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**§ 585.605**

State A and 4 miles from the closest coastline point of State B. BOEM will round dollar shares to the nearest whole dollar. The proportional share due each State would be calculated as follows:

(1) State A's share =  $[(\frac{1}{12}) \div (\frac{1}{12} + \frac{1}{4})]$   
=  $\frac{1}{4}$ .

(2) State B's share =  $[(\frac{1}{4}) \div (\frac{1}{12} + \frac{1}{4})]$   
=  $\frac{3}{4}$ .

(b) Therefore, State B would receive a share of revenues that is three times as large as that awarded to State A, based on the finding that State B's nearest coastline is one-third the distance to the geographic center of the qualified project area as compared to State A's nearest coastline. Eligible States share the 27 percent of the total revenues from the qualified project as mandated under the OCS Lands Act.

Hence, if the qualified project generates \$1,000,000 of Federal revenues in a given year, the Federal Government would distribute the States' 27-percent share as follows:

(1) State A's share =  $\$270,000 \times \frac{1}{4}$  = \$67,500.

(2) State B's share =  $\$270,000 \times \frac{3}{4}$  = \$202,500.

**Subpart F—Plans and Information Requirements**

**§ 585.600 What plans and information must I submit to BOEM before I conduct activities on my lease or grant?**

You must submit a SAP, COP, or GAP and receive BOEM approval as set forth in the following table:

Before you:	you must:
(a) conduct any site assessment activities on your commercial lease,	submit and obtain approval for your SAP according to §§ 585.605 through 585.613.
(b) conduct any activities pertaining to construction of facilities for commercial operations on your commercial lease,	submit and obtain approval for your COP, according to §§ 585.620 through 585.629.
(c) conduct any activities on your limited lease, ROW grant, or RUE grant in any OCS area,	submit and obtain approval for your GAP according to §§ 585.640 through 585.648.

**§ 585.601 When am I required to submit my plans to BOEM?**

You must submit your plans as follows:

(a) You may submit your SAP or GAP prior to lease or grant issuance, but must submit your SAP or your GAP no later than 12 months from the date of lease or grant issuance.

(b) If you intend to continue your commercial lease with an operations term, you must submit a COP, or a FERC license application, at least 6 months before the end of your site assessment term.

(c) You may submit your COP or FERC license application with your SAP.

(1) You must provide sufficient data and information with your COP for BOEM to complete the needed reviews and NEPA analysis; and

(2) BOEM may need to conduct additional reviews, including NEPA analysis, if significant new information becomes available after you complete your site assessment activities or you revise your COP. As a result of the ad-

ditional reviews, we may require modification of your COP.

[76 FR 64623, Oct. 18, 2011, as amended at 79 FR 21623, Apr. 17, 2014]

**§ 585.602 What records must I maintain?**

Until BOEM releases your financial assurance under § 585.534, you must maintain and provide to BOEM, upon request, all data and information related to compliance with required terms and conditions of your SAP, COP, or GAP.

**§§ 585.603–585.604 [Reserved]**

**SITE ASSESSMENT PLAN AND INFORMATION REQUIREMENTS FOR COMMERCIAL LEASES**

**§ 585.605 What is a Site Assessment Plan (SAP)?**

(a) A SAP describes the activities (e.g., installation of meteorological towers, meteorological buoys) you plan to perform for the characterization of your commercial lease, including your