

Operator—means a person as defined by 30 CFR 208.3—Royalty in kind; 30 CFR 216.6—Production accounting; 30 CFR 250.2—Offshore. Persons defined as operators in the following sections are included within the definition of operator in this section: 43 CFR 3100.0–5—Onshore Leasing: General; 43 CFR 3200.0–5(v)—Geothermal Resources Leasing: General; or 43 CFR 3400.0–5(cc)—Coal Management: General.

Operating rights owner (working interest owner)—means a person who owns operating rights in a lease that is subject to this part. A record title owner is the owner of operating rights under a lease except to the extent that the operating rights or a portion thereof have been transferred from record title.

Other payments—includes, but is not limited to, payments or assessments such as rentals, minimum royalties, bonuses, net profit share lease payments, gas storage agreement payments, late and incorrect reporting assessments, and late payment interest charges.

Payor—means any person responsible for reporting and paying royalties from a Federal or Indian lease or leases on Form MMS–2014, as defined in 30 CFR § 208.2 and as further defined in 30 CFR § 210.51.

Payor code—means the five-character MMS-assigned code that uniquely identifies the company or individual responsible for reporting and paying. It is used on royalty reports, payments, and correspondence to MMS.

Payor Information Form (PIF)—means Form MMS–4025 for oil, gas, and geothermal resources and Form MMS–4030 for solid materials, as described in 30 CFR 210.10(c)(3)(4).

Person—means any individual, firm, corporation, association, partnership, consortium, or joint venture (when established as a separate entity). The term does not include Federal agencies.

Record title owner—means the person who has entered into a lease subject to this Part or the person to whom the leasing agency has approved the assignment of all or a portion of the record title interest. For purposes of this Part, record title owner means the same as record title holder, record title interest owner, and lessee of record.

Royalty—means any payment based on the amount or value of production of oil, gas, or other minerals from the Outer Continental Shelf, Federal, or Indian lands, under any provision of a lease.

Take—occurs when the operating rights owner sells or removes production from or allocated to a lease, or when such sale or removal occurs for the benefit of an operating rights owner.

Subpart B—Liability

§ 211.14 Who is liable for royalties and other payments due on a lease?

This section establishes which persons are liable for royalty or other payments due on a lease. You are not liable for royalty or other payments due on a lease except as provided in this section. However, you may be liable under more than one paragraph of this section. The limitation on liability established in this section applies only to royalty and other payments. This limitation does not apply to compensatory royalty and may not apply to other lease obligations established under statute, lease terms, or regulations in Title 25, Title 30, or Title 43.

(a) Record title owners.

(1) If you are a record title owner of a lease, you are liable for royalty due on production from or allocated to the lease, and for other payments, in the amount MMS determines under applicable statutes, lease terms, regulations, or orders. You remain liable even if you transfer some or all of your operating rights to another person or if you assign to another person the obligation to report and pay royalty on some or all of the production, or to make other payments. You are liable for royalties or other payments owed on:

(i) The percentage of production equal to the percentage of your record title ownership in the lease; and

(ii) The portion of production you take in a month that exceeds the volume in paragraph (a)(1)(i) of this section.

(2) If you are a record title owner, you are jointly and severally liable for the royalty or other payments due as described in paragraph (a)(1) of this section with:

(i) Any person who owns some or all of the operating rights for the lease that were transferred from the record title interest you currently own, but only to the extent of the transfer;

(ii) Any other person assigned or who has assumed the obligation to pay royalty due on the production or to make other payments for which you are liable;

(iii) Any person who filed a PIF with MMS for the production or other payments for which you are liable; and

(iv) Any other person liable under this part for the royalty due on the production, or for the other payments, for which you are liable.

(b) Operating rights owners.

(1) If you own operating rights that were not transferred from the record title interest, paragraph (a) determines your liability for royalty and other payments due on a lease. If you own

operating rights that were transferred from the record title interest for a lease, you are liable for royalty due on production from or allocated to the lease, and for other payments, in the amount MMS determines under applicable statutes, lease terms, regulations, or orders. You are liable even if you assigned the obligation to pay royalty on some or all of the production, or to make other payments, to another person. You are liable for:

(i) The percentage of royalties or other payments owed that equals the percentage of your operating rights ownership in the lease; and

(ii) The portion of production you take that exceeds the volume in paragraph (b)(1)(i) of this section.

(2) If you own operating rights that were transferred from the record title interest, you are jointly and severally liable for the royalty or other payments due as described in paragraph (b)(1) of this section with:

(i) The person who owns the record title interest from which your operating rights were transferred;

(ii) Any other person assigned or who has assumed the obligation to pay royalty due on the production or to make other payments for which you are liable;

(iii) Any person who filed a PIF with MMS for the production or other payments for which you are liable; and

(iv) Any other person liable under this part for the royalty due on production or for the other payments for which you are liable.

(c) Persons who file PIFs with MMS.

(1) If you file a PIF with MMS, you are liable for royalty and other payments due on the production from or allocated to the lease specified on that PIF in the amount MMS determines under applicable statutes, lease terms, regulations, or orders. You are liable under this paragraph whether or not you own a record title interest or an operating rights interest in the lease. You are liable for royalties and other payments due on that production under one or more of the following paragraphs:

(i) The volume received in a month if you purchase production from or allocated to a lease.

(ii) The volume delivered in a month if you arrange a sale or other disposition of production from or allocated to the lease for the benefit of an operating rights owner on the lease.

(iii) The volume reported to MMS on the Report of Sales and Royalty Remittance (Form MMS–2014) with your payor code.

(2) If you file a PIF with MMS, you are jointly and severally liable for the royalty or other payments due as