described in paragraph (c)(1) of this section with:

(i) All record title owners who are liable for the royalty due on the production and for other payments;

(ii) All operating rights owners who are liable for the royalty due on the production and for other payments; and

(iii) Any other person liable under this part for the royalty due on production or for other payments for

which you are liable.

- (3) If another person uses your payor code to report royalties on Form MMS-2014, that person is not liable for those royalties solely on the basis of that reporting. However, that person may be liable under paragraphs (a), (b), (d), or (e) of this section.
 - (d) Operators.
- (1) If you are an operator, you are liable for royalty or other payments due on a lease only if:
- (i) You are subject to paragraph (a) or (b) of this section to the extent you are a record title or operating rights owner;

(ii) You are subject to paragraph (c) of this section by filing a PIF; or

- (iii) You are subject to paragraph (e) of this section by assuming royalty or other payment liability by contract or agreement; or
- (iv) You are liable under a regulation of the Department of the Interior.

(e) Other liable persons.

- (1) You are liable for royalty or other payments due in the amount MMS determines under applicable statutes, lease terms, regulations, or orders if:
- (i) You have a contract or other agreement to assume that liability on behalf of another person who is liable for those royalties or other payments under this subpart; or
- (ii) Liability is established under a regulation of the Department of the
- (f) Operating rights owners of a lease in an approved Federal or Indian agreement.
- (1) You are liable for the royalty and other payments due on production allocated to a Federal or Indian lease in an approved Federal or Indian agreement in the amount that MMS determines under applicable statutes, lease terms, agreement terms, regulations, or orders if:
- (i) You own operating rights in that lease or in another Federal or Indian lease in that agreement and
- (ii) You take that production specified under paragraph (f)(1) of this section.
- (2) If you own operating rights and take production as provided in paragraph (f)(1) of this section, you are jointly and severally liable for the royalty and other payments with any

other person who is liable for the payments under this subpart.

§ 211.15 Who is liable for payment of compensatory royalty?

If you are a record title owner or operating rights owner of all or a portion of a lease, you are jointly and severally liable for payment of all compensatory royalty owed for that lease with:

- (a) All other record title owners on that lease;
- (b) All other operating rights owners on the lease; and
- (c) Any other persons obligated to pay compensatory royalties under regulations of the Department of the Interior.

§ 211.16 How does assignment of record title interests or transfer of operating rights interests affect liability?

- (a) If you assign some or all of your record title interest in a lease to another person:
- (1) You are not liable for royalties and other payments that accrue on or after the effective date of the assignment for the percentage of the interest you assign, except as provided in a regulation of the Department of the Interior or unless you agree with the assignee to remain liable for those payments. You will continue to be liable for compensatory royalties that accrue for a lease after the effective date of the assignment, unless you assigned all of your record title interest in that lease.
- (2) The person to whom you assign some or all of your record title interest is not liable for royalties, compensatory royalties, or other payments for the percentage of the interest assigned that accrued prior to the effective date of the assignment, except as provided in a regulation of the Department of the Interior or unless the assignee agrees to be liable for those payments.
- (3) The limitations on liability established in this section apply only to royalty, compensatory royalty, and other payments. This limitation may not apply to other lease obligations established under statutes, lease terms, or regulations in Title 25, Title 30, or Title 43.
- (b) If you transfer some or all of your operating rights interest in a lease to another person:
- (1) You are not liable for royalties and other payments that accrue on or after the effective date of the transfer for the interest you transfer, except as provided in a regulation of the Department of the Interior or unless you agree with the transferee to remain liable for those payments. You will continue to be liable for compensatory royalties that accrue for a lease after the effective date of the

transfer, unless you transferred all of your operating rights interest in that

(2) The person to whom you transfer some or all of your operating rights interest is not liable for royalties, compensatory royalties, or other payments for the interest transferred that accrued prior to the effective date of the transfer, except as provided in a regulation of the Department of the Interior or unless the transferee agrees to be liable for those payments.

(3) The limitations on liability established in this section apply only to royalty, compensatory royalty, and other payments. This limitation may not apply to other lease obligations established under statutes, lease terms, or regulations in Title 25, Title 30, or Title 43.

§ 211.17 How does liability affect the requirement to report and pay royalties?

Not all persons liable for royalty or other payments due on a lease are required to report and pay those amounts to MMS. Subpart C establishes the requirements for who reports and pays.

Subpart C—Reporting and Paying Royalties

§211.18 Who is required to report and pay royalties?

You must report and pay royalties for Federal and Indian leases in accordance with this section. You also must report and pay royalties in accordance with applicable statutes, lease terms, regulations, and orders, and submit corrected reports or payments to MMS.

(a) Persons who take production from leases not in an approved Federal or Indian agreement.

Except as provided in paragraph (d) of this section, if you are an operating rights owner who takes production from a Federal or Indian lease that is not included in an approved Federal or Indian agreement, you must report and pay royalties and other payments on the production you take. You must:

- (1) File a PIF with MMS as specified in Part 210 of this chapter and the MMS Payor Handbooks (see §§ 210.54 and 210.204 for availability)
- (2) Report the royalties owed on a Form MMS-2014 as specified in Part 210 of this chapter and the MMS Payor Handbooks; and
- (3) Pay royalties as specified in Part 218 of this chapter and the MMS Payor Handbooks.
- (b) Persons who take production allocable to leases in approved Federal or Indian agreements containing 100 percent Federal or Indian tribal leases.