

(1) This paragraph provides requirements and instructions for reporting and paying royalties and other payments for:

(i) Leases in an approved Federal agreement comprised only of Federal leases that each have the same royalty rate and funds distribution requirement; and

(ii) Approved Indian agreements comprised only of Indian tribal leases that each have the same royalty rate and tribal lessor.

(2) Except as provided in paragraph (d) of this section, if you are an operating rights owner who takes production allocated to a lease in an agreement under this paragraph, you must report and pay royalties on the production you take. You must:

(i) File a PIF with MMS as specified in Part 210 of this title and the MMS Payor Handbooks;

(ii) Report the royalties owed for that production on a Form MMS-2014. You must use one or more of your MMS-assigned lease accounting identification numbers (AID). Also, you must follow the instructions provided in Part 210 of this title and the MMS Payor Handbooks; and

(iii) Pay royalties on that production as specified in Part 218 of this title and the MMS Payor Handbooks.

(c) *Persons who take production allocable to Federal or Indian leases in all other approved Federal or Indian agreements.* [Reserved]

(d) *What if another agrees to report and pay for you?* If another person files a PIF under its own name and reports and pays royalties for the production for which you are required to report and pay under paragraphs (a)-(c) of this section, then you are not required to report and pay under paragraphs (a)-(c) of this section. However, you are not relieved of any underlying liability you may have on the lease and you may be required to report and pay under paragraph (e) of this section. The person filing the PIF under its own name must follow the requirements under paragraphs (a)-(c) of this section for the royalty or other payments due.

(e) *Liable persons who MMS requires to report and pay.* MMS may require any person liable for royalty or other payments under Subpart B of this part to report and pay royalties as provided by this subpart.

§ 211.19 What are the obligations for proper reporting and paying?

(a) *How to report and pay.*

If you are required to report and pay royalties under § 211.18, you are obligated to report and pay those

royalties timely, accurately, and in the manner MMS specifies. Instructions for timely and proper reporting are provided under Parts 210 and 218 of this title and in the MMS Payor Handbooks. You also must report accurate volumes and values of production on which royalties are due under applicable statutes, lease terms, regulations, or orders. Parts 202 and 206 of this title provide instructions for proper valuation and volume determinations.

(b) *What you must do if you report or pay royalties incorrectly.*

If you incorrectly report or pay royalties, you must submit corrected reports or payments, or both, to MMS. Also, MMS may require you to:

(1) Submit adjustments on Form MMS-2014;

(2) Correct production regarding sales exceptions;

(3) Comply with audit orders to perform;

(4) Pay bills;

(5) Pay applicable late-payment charges; and

(6) Pay civil penalties.

Note: The Following Appendices A and B will not appear in the Code of Federal Regulations.

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