Termination Notice Template

In Reply Refer to:

3108 (Office Code)

Case Serial No.

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

NOTICE

Lessee : Oil and Gas

Address :

Address :

Oil and Gas Lease Terminated

This is to inform you (lessee of record) that your Federal oil and gas lease, serial number identified above, automatically terminated by law because your rental payment was not received on or before the anniversary date. This termination was effective on the anniversary date of the lease. You may qualify for reinstatement of the lease under Class I and/or Class II reinstatement provisions described below. **Noncompetitive leases issued for Public Domain lands do not qualify for a Class II reinstatement because the Inflation Reduction Act (Pub. L. No. 117-169) passed into law on August 16, 2022.** No specific form is required to petition for reinstatement. A letter describing the reason that the rental payment was not received by the anniversary date is sufficient.

**Class I Reinstatement.** A petition for reinstatement for all competitive and noncompetitive leases may be considered pursuant to the provisions of 30 U.S.C. § 188(c) and 43 CFR 3108.2-2. The right to file a petition of reinstatement is subject to **all** the following conditions and procedures provided that:

1. A new oil and gas lease has not been issued for any of the lands affected by the terminated lease.

2. Rental due was received within **20 days of the anniversary date of the lease.**

3. A petition for reinstatement, including an explanation of the reason for failure to timely pay rental, is filed with this office within **60 days** after receipt of this Notice, along with a nonrefundable filing fee of $90.

4. It is shown to the satisfaction of the authorized officer that failure to pay rental timely was either justifiable or was not due to lack of reasonable diligence.

If you do not meet **all** the conditions listed above, you may be eligible for a **Class II Reinstatement.** A petition for reinstatement of a competitive lease or a noncompetitive lease issued for acquired lands may also be considered pursuant to the provisions of 30 U.S.C.188(d) and (e) and 43 CFR 3108.2-3. The right to file a petition of reinstatement is subject to the following conditions and procedures provided that:

1. A new oil and gas lease has not been issued for any of the lands affected by the terminated lease.
2. Within **60 days** after receipt of this Notice, a petition for reinstatement is filed in this office together with all back rental and/or royalty at the increased rates accruing from the date of termination of the lease at the rate identified below.

3. It is shown to the satisfaction of the Authorized Officer that failure to pay rental timely was justified or was not due to a lack of reasonable diligence or no matter when the rental was paid, such failure was inadvertent.

4. The authorized officer determines that the requirements for filing the petition of reinstatement have been timely met, in which case, the lease **may be** reinstated if the lessee agrees to new lease terms that increase the rental and royalty rates, as described below:

- **Criteria**: The lease being reinstated must be a Noncompetitive Lease issued pursuant to the Mineral Leasing Act for Acquired Lands of August 7, 1947 (30 U.S.C. §§ 351-359) or a Competitive Lease issued pursuant to Section 17(b) of the Mineral Leasing Act of 1920, as amended (30 U.S.C. §§ 181, 226(b)).

- **Royalty Rate**: The new royalty rate will be 4 percentage points greater than the royalty rate within the lease and not less than 20 percent. For each succeeding reinstatement, the royalty will be increased by an additional 2 percent.

- **Rental Rate**: $20.00 per acre, or fraction thereof. For each succeeding reinstatement, the rental will be increased by an additional $5.00 per acre, or fraction thereof.

5. You must pay the Bureau of Land Management (BLM) for the cost of reinstating the lease which consists of:

- $151 for the cost of publication in the Federal Register; and

- $500 for a nonrefundable administrative fee.

**Payments are to be made payable to the “Department of the Interior – BLM.” NOTE: Do not send these monies for this reinstatement to or make the money payable to the Office of Natural Resources Revenue (ONRR).**

Because of the strict time limits imposed by the laws specified above, you may want to file your petition under both of the above provisions. Filing a petition for a Class I reinstatement **does not stop** the running of **60 days** from receipt of this Notice to file a petition for a Class II reinstatement. If you file an acceptable petition under both Classes, BLM will first consider the petition for a Class I reinstatement. If BLM determines that the Class I petition cannot be granted because it does not meet all 4 criteria above, then it will consider a Class II reinstatement petition. If the reinstatement under Class I is allowed, BLM will refund all monies submitted with the Class II reinstatement petition.

Before filing a petition for reinstatement under either Class I or Class II provisions, the information provided in the Lease Termination/Reinstatement Facts below should be considered.

**Your Class I and/or Class II Petitions for reinstatement must be filed with the Office at the address given on the letterhead. Failure to respond within 60 days will result in the BLM being unable to consider reinstatement of the lease.**

Upon receipt of the petition and fees, the BLM will need to ensure that reinstatement of the lease is in conformance with the existing Resource Management Plan (RMP) or any ongoing draft or proposed RMP revision or amendment and will evaluate the adequacy of existing National Environmental Policy Act (NEPA) analysis and documentation for this lease. The BLM will complete any necessary new or supplemental NEPA analysis and documentation before approving a Class I or Class II oil and gas reinstatement petition. After recommendations are received from the field office, a determination will be made about whether to reinstate the lease and whether new lease stipulations are warranted. The BLM may make one of the following determinations.

* Approve the petition for a Class I or Class II reinstatement with the current lease stipulations.
* Deny the petition for a Class I or Class II reinstatement. If the BLM denies your petition, you will have the right of appeal and you may request a refund of your rental money paid to ONRR. The BLM will refund your additional rental and publication fee submitted to the BLM with your application.
* If BLM determines that additional or modified stipulations are required prior to reinstatement, the petition will be processed as follows:
  + You will be given the opportunity to accept the additional or modified stipulations.
  + If you do not accept the additional or modified stipulations, the BLM will deny the petition for Class I or Class II reinstatement and refund rental monies and publication fees you submitted with your application.

The lessee of record will be notified of the final action taken on the petition when this process is complete. If BLM approves a Class II reinstatement with current or additional lease stipulations, the “Notice of Proposed Reinstatement” package will be forwarded to the Washington Office for publication in the **Federal Register**. Thirty (30) days after publication in the **Federal Register**, the lease may be reinstated.

# LEASE TERMINATION/REINSTATEMENT FACTS

Termination of your lease is automatic and is statutorily imposed by Congress when the annual rental is not timely received. The BLM has no discretion in the matter and merely notifies you of this occurrence. Such termination is triggered solely by failure of a lessee to submit the rental timely.

The lessee has the responsibility to ensure that the rental payment is timely received. There is no grace period allowed. Annual rental payments must be made using the “Rental Information” tab within the eCommerce website at [www.ONRR.gov](https://gbc-word-edit.officeapps.live.com/users/lcarano/myhome/www.ONRR.gov). The “Rental Information” tab will interface directly with [www.pay.gov](https://gbc-word-edit.officeapps.live.com/users/lcarano/myhome/www.pay.gov). Questions regarding your rental payment can be directed to ONRR at: Office of Natural Resources Revenue P.O. Box 25627, Denver, Colorado 80225-0627 or (800) 525-9167 (press 0 for personal assistance). Payment after the anniversary date does **not** constitute reasonable diligence unless extenuating circumstances are involved.

Each lessee/assignee has the responsibility to be familiar with all the lease terms and obligations, including the lease anniversary date and the total, correct amount of the annual rental due, without benefit of a courtesy billing notice.

Reinstatement terms are set by Congress without discretion, not by the BLM, under the provisions of the Mineral Leasing Act of 1920, as amended by the Inflation Reduction Act of 2022.

If you have any questions, please contact \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

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Authorized Officer