

INFORMATION AND PROCEDURES TRANSFERRING OIL AND GAS LEASE INTERESTS

Regulations at 43 CFR 3106, and at 43 CFR 3135 for lands in the National Petroleum Reserve – Alaska (NPR-A), govern the filing of transfers of interests pertaining to oil and gas operations on Federal lands. Transfers include record title and overriding royalty assignments, operating rights transfers, mergers, name changes, dissolutions of corporations, partnerships and trusts, sheriff's deeds and estate transfers. Definitions of record title, operating rights, overriding royalty interests, and partial assignments are as follows:

Record Title: Primary ownership of an interest in an oil and gas lease that includes the obligation to pay rent, and the right to transfer, to seek reinstatement, and to relinquish the lease. Overriding royalty and operating rights are created out of and are severable from record title interests.

Operating Rights/Working Interest: The interest or contractual obligation created out of a lease (referred to as a sublease) authorizing the holder of that right to enter the leased lands to conduct drilling and related operations, including production of oil or gas from such lands in accordance with the terms of the lease. Operating rights include the obligation to comply with the terms of the original lease, as it applies to the area or horizons for the interest acquired, including the responsibility to plug and abandon all wells that are no longer capable of producing, reclaim the lease site, and remedy environmental problems.

Overriding Royalty Interest: An interest created out of and severed from the record title interest or lessee's share of the oil and not charged with any of the cost or expense of developing or operation. The interest does not convey any control over the operations on the lease. It only entitles the holder of the interest to a share of the revenue from lease production. The lessee or entity that created the ORRI is responsible for paying the holders of an overriding royalty interest in addition to royalty due to the United States.

Partial Assignments: When an assignor conveys 100% record title interest in a portion of the lands in a lease, it creates a partial assignment. Partial assignments segregate the lease into two separate leases. Normally the BLM assigns a new lease number to the conveyed portion of the lease.

FORMS CAN BE OBTAINED AT <https://www.blm.gov/services/national-operations-center/electronic-forms>

A list identifying the states administered by each BLM State Office and addresses for the filing of transfer documents is provided below.

FILING REQUIREMENTS FOR THE VARIOUS TYPES OF TRANSFERS ARE AS FOLLOWS:

ASSIGNMENT OF RECORD TITLE INTEREST

File three copies, each with an original signature and date, using the current edition of Form 3000-3 in the BLM State Office administering the lease. Machine copies of the original signatures are

not acceptable. When the BLM allows for filing the forms electronically, a single filed/submitted copy will be sufficient (does not require the three copies).

- The assignor(s) must originally sign and date all three copies of the assignment.
- The assignee(s) must originally sign and date only one copy of the Request for Approval found on the reverse side of the assignment.
- The assignee(s) must date the Request for Approval on or after the date of the assignor's signature.
- You must file a \$115 nonrefundable filing fee with each assignment.
- You must file the assignment within 90 days of the assignor's dated signature. The BLM can process the assignment filed after the 90 days if the assignor(s) and assignee(s) furnish a statement advising the BLM that the assignment is still in effect.
- Two or more assignors may convey interest to one or more assignees on the same record title assignment.

A record title assignment conveys both record title and operating rights unless operating rights have been severed from the record title through an approved transfer of operating rights. Thereafter, the operating rights and record title may each be subject to further transfers.

The following scenarios are provided to help you determine if you need to file a record title assignment, an operating rights transfer, or both.

SCENARIO 1

John Smith and Mary Jones each hold 50% full record title in a lease. Mary Jones files an operating rights transfer conveying all her 50% operating rights from the surface to 9,000 feet to ABC Oil Company. After the BLM approves the transfer, interests in the lease are:

RECORD TITLE INTEREST: 50% - John Smith
 50% - Mary Jones – (no operating rights above 9,000 feet)

SUBJECT TO SEGREGATED OPERATING RIGHTS FROM THE SURFACE TO 9,000 FEET:
 50% - John Smith
 50% - ABC Oil Company

John Smith owns 50% full leasehold interest (record title and operating rights in all depths). Mary Jones owns 50% record title interest and 50% operating rights from 9,000 feet and below. ABC Oil Company owns 50% operating rights from the surface to 9,000 feet.

SCENARIO 2

John Smith, Mary Jones, and ABC Company are conveying all of their interest to XYZ Corporation. The BLM would require the following:

- A record title assignment from John Smith (conveys full leasehold interest).
- A record title assignment from Mary Jones (conveys record title and operating rights

from 9,000 feet and below).

- An operating rights transfer from ABC Company conveying operating rights from the surface to 9,000 feet.

BONDING CONSIDERATIONS WHEN TRANSFERRING INTERESTS

If you, as the transferor, maintain bonding for a lease and you transfer all of your lease interest to another party, the new party must provide a bond per 43 CFR 3106.60. Bond coverage is required on a lease if—

- There is an approved application for permit to drill (APD) on the lease; or
- There is an unplugged well on the lease.

The lessee, sublessee or an operator may provide bonding to cover 100% of the liabilities on the lease. If there is more than one lessee, one lessee may provide bonding to cover 100% of the liabilities on the lease.

The operator must furnish the appropriate Field Office a change of operator and a statement agreeing to be responsible for the operations conducted on the lease or portion of the lease.

If there is a change of operator, the new operator must contact the appropriate Field Office to ascertain what Sundry Notices or Succession and Designation of Operator forms are necessary. This will expedite the approval of the assignment.

A bond must be in place for all NPR-A leases before the BLM will approve an assignment .

TRANSFER OF OPERATING RIGHTS

File three copies, each with original signature and date, of the current edition of Form 3000-3a in the BLM State Office administering the lease. Machine copies of the original signatures are not acceptable. When the BLM allows for filing the forms electronically, only the filed/submitted copy will be sufficient (does not require the three copies).

- The transferor(s) must originally sign and date all three copies of the transfer.
- The transferee(s) must originally sign and date only one copy of the Request for Approval found on the reverse side of the transfer.
- The transferee(s) must date the Request for Approval on or after the date of the transferor's signature.
- Effective October 1, 2023, you must file a \$115 nonrefundable filing fee with each transfer.
- You must file the transfer within 90 days of the transferor's dated signature. The BLM can process the transfer filed after the 90 days if the transferor(s) and transferee(s) furnish a statement advising the transfer is still in effect.
- Two or more transferors may convey interest to one or more transferees on the same operating rights transfer.

- You must show the lease formation on the transfer, either by zone, formation, or deposit. A wellbore limitation is not allowed; however, a depth/formation may include wording attached to the said depth/formation that says, for example, “as found in the Well Name located in aliquot part of S-T-R in County, State.”
- You may convey various percentages of interest in various depths in several sections of land on a single transfer. Refer to the following example:
 Sec. 20: S2, Operating rights from the surface to 900 feet
 Sec. 22: SW, Operating rights from 800 feet to a depth of 1000 feet

ASSIGNMENT OF OVERRIDING ROYALTY

You must convey overriding royalty interest on either an Assignment of Record Title Interest (Form 3000-3) or on a Transfer of Operating Rights (Form 3000-3a). The BLM requires filing of one signed copy per assignment plus, effective October 1, 2023, a \$15 filing fee. If you file more than one copy, the BLM will return the remaining copies to the assignee.

The BLM does not adjudicate or approve overriding royalty assignments. The BLM will date-stamp the transfer upon receipt and file it in the casefile to validate the assignee’s interest.

MASS TRANSFERS

An assignor/transferor may make a mass assignment/transfer when conveying any type of interest in a large number of Federal leases to the same party. The BLM recommends you do not file a mass assignment/transfer unless the conveyance involves more than ten leases. You should make the filings on the current edition of Form 3000-3 or Form 3000-3a. Attach an exhibit of all the leases involved to each of the three originally-signed and dated forms. You must also submit a single copy of the assignment/transfer and appropriate exhibit for each affected lease. Effective October 1, 2024, a \$115 filing fee *for each lease* must accompany the assignment/transfer.

Approval of the originally-signed assignment/transfer form, with the exhibit attached, does not indicate approval of all the component assignments/transfers. The BLM will adjudicate each assignment/transfer individually and forward lease interest abstracts as each assignment/transfer is processed.

When the BLM does not receive the requisite number of copies, the applicant must reimburse the BLM for the full costs incurred to make the required number of copies. The BLM will waive fees under one dollar.

NAME CHANGE, MERGER, DISSOLUTION OF CORPORATION, PARTNERSHIP, OR TRUST

You must submit the following information before the BLM can recognize a name change, merger, dissolution of corporation, partnership or trust:

- A certified copy of the Secretary of State’s certificate. For a dissolution, there may not be a filed document (involuntary dissolution by the Secretary of State). For an involuntary

dissolution, you will need to obtain a certificate of good standing/status of the dissolved entity from the Secretary of State.

- A copy of the amendment of the Articles of Incorporation, or the Articles of Dissolution, if available.
- Effective October 1, 2024, include a \$270 nonrefundable filing fee with each name change; merger; or dissolution of corporation, partnership or trust.

Once you have filed acceptable evidence, the BLM will recognize the name change, merger or dissolution of corporation, partnership or trust and note the affected files with the change.

If one company buys out the interests of another company, and it is not a name change or merger, you must file record title assignments and/or transfers of operating rights in order to convey the interests from the assignor to the new company.

HEIRS AND DEVISEES OF AN ESTATE

You must submit the following evidence before the BLM can recognize an estate transfer:

If probate of the estate has been completed:

- A certified copy of the will or decree of distribution. (A photocopy of the certified copy is acceptable).
- A qualification statement as to citizenship and acreage holdings in Federal oil and gas leases signed by each heir. A qualification statement is provided below for your use.

If probate of the estate has not been completed:

- Evidence of the authority of the executor or administrator to act on behalf of the estate.

If there is no will and the law does not require probate proceedings:

- A signed statement from the heirs confirming they are the only heirs of the deceased.
- A qualification statement as to citizenship and acreage holding in federal oil and gas leases signed by each heir.

Effective October 1, 2024, you must include a \$270 nonrefundable filing fee for an estate transfer.

SHERIFF'S SALE/DEED

You must submit the following evidence before the BLM can recognize the sheriff's sale/deed:

- The purchaser must file the sheriff's deed with the BLM.
- A qualification statement as to citizenship and acreage holdings in Federal oil and gas leases signed by the purchaser. A qualification statement is provided below for your use.

Effective October 1, 2024, you must include a \$270 nonrefundable filing fee for a sheriff's deed.

Provisions Pertaining to Certain Transactions by Foreign Persons Involving Real Estate in the United States

The Office of Investment Security, Department of the Treasury issued a final rule, **effective February 13, 2020**, establishing regulations to implement the provisions relating to real estate transactions in section 721 of the Defense Production Act of 1950, as amended by the Foreign Investment Risk Review Modernization Act of 2018. The final rule was published at 85 Fed. Reg. 3158 (Jan. 17, 2020) and codified at 31 C.F.R. part 802.

The rule sets forth the process relating to the national security review by the Committee on Foreign Investment in the United States (CFIUS) of certain transactions, referred to in the rule as “covered real estate transactions,” that involve the purchase or lease (including an assignment or other transfer) by, or concession to, a foreign person of certain real estate in the United States. Covered real estate transactions could include some transactions involving the Federal mineral estate.

The CFIUS looks not only at the entities that are lessees, but also to any [legal] person with the ability to exercise control, as defined by the statute and its implementing regulations, over the lessee. CFIUS is authorized to review covered real estate transactions and to mitigate any risk to the national security of the United States that arises as a result of such transactions. This could result in the modification, suspension, or prohibition of a lease or interest therein.

Accordingly, BLM recommends that each potential bidder, lessee, or [other] interest holder review the final rule before bidding on or acquiring an interest in a Federal oil and gas lease.

For further information, please refer to the CFIUS page: <https://home.treasury.gov/policy-issues/international/the-committee-on-foreign-investment-in-the-united-states-cfius>

(Lease Serial Number)

U.S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

INDIVIDUAL STATEMENT

The undersigned hereby certifies that:

He/she is of legal age and is a citizen of the United States and is in compliance with 43 CFR 3100 and the applicable statute governing leasing of federal oil and gas.

The undersigned's chargeable interests, direct and indirect in either public domain or acquired lands do not exceed 246,080 acres in Federal oil and gas leases in the same State, of which not more than 200,000 acres are held under option.

The undersigned is in compliance with reclamation requirements for all Federal oil and gas lease holdings as required by sec. 17(g) of the Mineral Leasing Act (MLA) (30 U.S.C. §226(g)).

The undersigned is not in violation of Section 41 of the MLA (30 U.S.C. §195) concerning (1) to organize or participate in any schemes, arrangements, plans, or agreements, or fraud to circumvent or defeat the provisions of the MLA or its regulations, or (2) to seek to obtain or to obtain any money or property by means of false statements of material facts or by failing to state material facts concerning: (A) the value of any lease or portion thereof issued or to be issued under the MLA; (B) the availability of any land for leasing under the MLA; (C) the ability of any person to obtain leases under the MLA; or (D) the provisions of the MLA and its implementing regulations.

(Date)

(Signature)

BLM State Offices

ALASKA:

Anchorage Federal Office Building
222 West 7th Avenue, #13
Anchorage, AK 99513-7599
Phone: (907) 271-5960
FAX: (907) 271-3684

ARIZONA:

One North Central Ave., Suite 800
Phoenix, AZ 85004-4427
Phone: (602) 417-9200
Fax: (602) 417-9556

CALIFORNIA:

2800 Cottage Way, Suite W-1623
Sacramento, CA 95825-1886
Phone: (916) 978-4400
FAX: (916) 978-4416

COLORADO:

PO Box 151029
Lakewood, CO 80215-7093
Phone: (303) 239-3600
FAX: (303) 239-3933

IDAHO:

1387 South Vinnell Way
Boise, ID 83709-1657
Phone: (208) 373-4000
FAX: (208) 373-3899

MONTANA (NORTH DAKOTA, SOUTH DAKOTA):

5001 Southgate Drive
Billings, MT 59101-4669
Phone: (406) 896-5000
FAX: (406) 896-5299

NEVADA:

1340 Financial Blvd.
Reno, NV 89502-7147
Phone: (775) 861-6400
FAX: (775) 861-6601

NEW MEXICO (OKLAHOMA, TEXAS, KANSAS):

301 Dinosaur Trail
Santa Fe, NM 87508
P.O. Box 27115
Santa Fe, NM 87502-0115
Phone: (505) 954-2000
FAX: (505) 954-2115

OREGON (WASHINGTON):

1220 S.W. 3rd Avenue
Portland, OR 97204
P.O. Box 2965
Portland, OR 97208-2965
Phone: (503) 808-6001
FAX: (503) 808-6308

UTAH:

440 West 200 South, Suite 500
Salt Lake City, UT 84101
Phone: (801) 539-4001
FAX: (801) 539-4237

WYOMING (NEBRASKA):

5353 Yellowstone Road
Cheyenne, WY 82009
P.O. Box 1828
Cheyenne, WY 82003-1828
Phone: (307) 775-6256
FAX: (307) 775-6129

EASTERN STATES OFFICE (MINNESOTA, IOWA, MISSOURI, ARKANSAS, & LOUISIANA, AND ALL STATES EAST OF THE MISSISSIPPI RIVER):

5275 Leesburg Pike
Falls Church, VA 22041
Phone: (703) 558-7754
FAX: (703) 558-2258

HEADQUARTERS OFFICE Bureau of Land Management

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