

**UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
COLORADO STATE OFFICE
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In Reply Refer To:
3400 (CO-921) P

September 20, 2012

EMS TRANSMISSION 09/20/2012
Instruction Memorandum No. CO-2012-033
Expires: 09/30/2013

To: District and Field Managers

From: Deputy State Director, Division of Energy, Lands and Minerals

Subject: Cost Recovery for Solid Minerals

Program Area: Coal, Non-Energy Leasable Minerals, Mineral Materials and Mining Law Administration Program.

Purpose: The purpose of the Instruction Memorandum is to clarify and set procedures for the use of cost recovery in the solid mineral programs.

Policy/Action: State office personnel, District (DO) and Field Offices (FO) are required to utilize cost recovery where appropriate. It is used to recover the fixed and case-by-case fees associated with the following solid mineral actions:

Coal: Competitive coal lease, coal lease modification, logical mining unit formation or modification, and royalty rate reduction.

Non-energy Leasable: Prospecting permit application, preference right lease application, competitive lease, application to suspend, waive, or reduce rental, minimum royalty, production royalty or royalty rate, and future or fractional interest lease application.

Mineral Materials Disposal: Noncompetitive sale (excluding sales from community pits or common use areas), competitive sale, and competitive contract renewal.

Mining Law Administration: Plan of operations with Environmental Impact Statement (EIS); validity and mineral examinations and reports performed in connection with: (a) a patent application, (b) 43 CFR 3809.100 (operations on segregated or withdrawn lands), or (c) 43 CFR 3809.101 (potential common variety minerals).

To ensure proper application of cost recovery the following procedures will be used:

1. Upon receipt of an application that is subject to cost recovery, CO-921 will notify the appropriate District, FO and CO-930 of pending action.
2. CO-921 will send a request to the appropriate FO and CO-930 requesting the completion of the cost estimation worksheet (CEW) along with a sample and clean copy of the form.
3. The FO and CO-930 will complete the CEW identifying all the people and associated cost estimations to complete the action and then return the CEW to CO-921.
4. CO-921 will send the preliminary CEW to the applicant for their review along with the completed Fee Estimate for Case-by-Case Processing form.
5. Upon receipt of the applicant's agreement of the preliminary fee estimate, CO-921 will provide a notice of Preliminary Fee Estimate and Courtesy Bill to the company.
6. Upon receipt of the applicant's signed final fee estimate and payment, a Project Number will be assigned.
7. CO-921 will provide CO-930, the DO and FO the Project Number and the appropriate cost recovery sub-activity and program element codes to be used for the project.
8. CO-921 will monitor the remaining balance in the Project account on a monthly basis and inform CO-930, the DO and FO when the balance falls below 20 percent of the original amount.
9. If the CO-930, DO or FO determines more funding is necessary to complete the action, a new CEW to CO-921 detailing who and how much additional funding is necessary to accomplish the task must be provided.
10. Upon receipt of any CEW identifying the need for additional funding CO-921 will notify the applicant of the need for additional funding to accomplish the project.
11. Upon receipt of the additional funding new project codes will be developed and provided to all parties.
12. The FO is responsible for maintaining the reimbursable project logs identifying the work that has been performed and forwarding a copy of the log to the CO-921.

Each office is responsible for monitoring their expenditures for each cost recovery project to ensure that only the appropriate personnel are charging to the project and that time and costs charged are in line with the CEW. Attachment 1 provides the appropriate program elements for each action and instructions for completing your timesheet when working on cost recovery accounts.

Cost recovery information including IMs, current tracking sheets, and project numbers will be posted on the Colorado State Office share point site under Solid Minerals. Attachment 2 provides the current listing of projects as of the date of this IM.

Instruction Memorandums providing detailed instructions regarding cost recovery can be found at the following links:

[http://www.blm.gov/wo/st/en/info/regulations/Instruction Memos and Bulletins/national instruction/2006/im_2006-019_.html](http://www.blm.gov/wo/st/en/info/regulations/Instruction_Memos_and_Bulletins/national_instruction/2006/im_2006-019_.html)

(Establishes project codes)

[http://www.blm.gov/wo/st/en/info/regulations/Instruction Memos and Bulletins/national instruction/2006/im_2006-106_.print.html](http://www.blm.gov/wo/st/en/info/regulations/Instruction%20Memos%20and%20Bulletins/national%20instruction/2006/im_2006-106_.print.html)

(Worksheets are in the attachments)

[http://www.blm.gov/wo/st/en/info/regulations/Instruction Memos and Bulletins/national instruction/2006/2006-106_change_1.html](http://www.blm.gov/wo/st/en/info/regulations/Instruction%20Memos%20and%20Bulletins/national%20instruction/2006/2006-106_change_1.html)

Timeframe: Effective immediately.

Budget Impact: The BLM issued a final rule effective November 7, 2005, amending its mineral resources regulations to increase certain fees and to impose new fees to cover BLM's costs of processing documents relating to its minerals programs. The fees include costs of actions such as environmental studies performed by BLM, coal lease applications, coal lease modifications and processing certain solid mineral prospecting permit applications, and other processing-related costs.

Fees will be collected on a case-by-case basis using sub-activity 5110. Each case should have a unique project code. Each account shall be maintained with sufficient funds to accommodate leave surcharge and other obligations incurred within the state. Total obligations cannot exceed total collections for each account/project.

Background: Recent budget cuts in the Coal (1320) and Mineral Materials (1330) programs have necessitated the full and proper use of cost recovery to recover from the applicant the appropriate costs of implementing the solid minerals actions noted above. This Instruction Memorandum was developed to ensure that individuals and offices that work on solid mineral projects correctly use cost recovery to recover the appropriate costs associated with leasing, lease modifications and permit issuances.

Directives Affected: A Colorado handbook supplement will be created to incorporate the new policy and guidelines.

Coordination: Input from district and field office, CO-920 and CO-950 was used in the development of these instructions.

Contact: If there are any questions related to this IM, please contact Charlie Beecham, Chief, Branch of Solid Minerals, at (303) 239-3773 or Kurt Barton, Land Law Examiner, Solid Minerals, at (303) 239-3714.

Signed by:
Lonny R. Bagley
Deputy State Director,
Energy, Lands and Minerals

Authenticated by:
Carl P. Guerette
Branch of IRM & Access

2 Attachments:

- 1 - Budget Codes and Timesheet (2 pp)
- 2 - Current Cost Recovery Projects (1p)