



# United States Department of the Interior



BUREAU OF LAND MANAGEMENT  
Montana State Office  
5001 Southgate Drive  
Billings, Montana 59101-4669  
<http://www.blm.gov/mt>

In Reply Refer To:

XXX XXXX  
(MT9222.XX)

*Template for Terminable Leases*

## NOTICE

Lessee Name  
Address

### COMPENSATORY ROYALTY ASSESSMENT STATUS OF LEASE ACCOUNT

On XX XX, XXXX, the XX Field Office notified you that Federal oil and gas lease XXX XXXXX is being drained by the XX well, [description, county, state], and that you are being assessed compensatory royalty.

A terminable lease being assessed compensatory royalty is subject to both rental and royalty payments. Per 43 CFR 3107.9-1, the payment of compensatory royalty extends the term of the lease for the period during which compensatory royalty is being paid, and for a period of one year from the date when compensatory royalty is no longer assessed. The lease account remains in a terminable status with the Minerals Management Service (MMS) and is subject to automatic termination if the annual rental is not paid on or before the anniversary date. The next rental payment is due on or before XX XX, XXXX, and will continue to be due and payable each year until such time compensatory royalty is no longer being assessed. Please submit the required rental, along with MMS Form 2014, to the following address:

Minerals Management Service  
Minerals Revenue Service  
P.O. Box 5640  
Denver, Colorado 80217

You will be receiving a bill from the MMS for the initial compensatory royalty assessment. Thereafter, you are required to submit monthly compensatory royalty payments to MMS. Please direct questions regarding royalty payments and production reports to the Minerals Management Service, Reporting Services, Financial Management, at 1-800-525-0309 (royalties) or 1-800-525-7922 (production reports), or write to:

Minerals Management Service  
Minerals Revenue Management  
P.O. Box 5810  
Denver, CO 80217

If you have questions regarding the lease account status, please contact XX at (406) 896-XXX or by email at XX@blm.gov.

Sincerely,

Teri Bakken, Chief  
Fluids Adjudication Section

cc:

MMS-MRM, Attn: Dena Delgado, PO Box 5760, MS 357B1, Denver CO 80217  
FM, FO