

est and allowing offsetting of obligations among leases.

**(j) Enforcement of claim for judicial review**

In the event a demand subject to this section is properly and timely commenced, the obligation which is the subject of the demand may be enforced beyond the seven-year limitations period without being barred by this statute of limitations. In the event a demand subject to this section is properly and timely commenced, a judicial proceeding challenging the final agency action with respect to such demand shall be deemed timely so long as such judicial proceeding is commenced within 180 days from receipt of notice by the lessee or its designee of the final agency action.

**(k) Implementation of final decision**

In the event a judicial proceeding or demand subject to this section is timely commenced and thereafter the limitation period in this section lapses during the pendency of such proceeding, any party to such proceeding shall not be barred from taking such action as is required or necessary to implement a final unappealable judicial or administrative decision, including any action required or necessary to implement such decision by the recovery or recoupment of an underpayment or overpayment by means of refund or credit.

**(l) Stay of payment obligation pending review**

Any person ordered by the Secretary or a delegated State to pay any obligation (other than an assessment) shall be entitled to a stay of such payment without bond or other surety instrument pending an administrative or judicial proceeding if the person periodically demonstrates to the satisfaction of the Secretary that such person is financially solvent or otherwise able to pay the obligation. In the event the person is not able to so demonstrate, the Secretary may require a bond or other surety instrument satisfactory to cover the obligation. Any person ordered by the Secretary or a delegated State to pay an assessment shall be entitled to a stay without bond or other surety instrument.

(Pub. L. 97-451, title I, §115, as added Pub. L. 104-185, §4(a), Aug. 13, 1996, 110 Stat. 1704; amended Pub. L. 104-200, §1(2), Sept. 22, 1996, 110 Stat. 2421.)

CODIFICATION

Pub. L. 104-185, §4(a), which directed the addition of this section after section 114 of the Federal Oil and Gas Royalty Management Act of 1982, Pub. L. 97-451, was executed by adding this section after section 113 to reflect the probable intent of Congress because Pub. L. 97-451 did not contain a section 114.

AMENDMENTS

1996—Subsec. (l). Pub. L. 104-200 inserted “so” after “the person is not able to”.

EFFECTIVE DATE

Section applicable with respect to production of oil and gas after the first day of the month following Aug. 13, 1996, except as provided by subsec. (h) of this section, see section 11 of Pub. L. 104-185, set out as an Effective Date of 1996 Amendment note under section 1701 of this title.

APPLICABILITY

Section not applicable to any privately owned minerals or with respect to Indian lands, see sections 9 and

10 of Pub. L. 104-185, set out as an Applicability of 1996 Amendment note under section 1701 of this title.

**§ 1725. Assessments**

Beginning eighteen months after August 13, 1996, to encourage proper royalty payment the Secretary or the delegated State shall impose assessments on a person who chronically submits erroneous reports under this chapter. Assessments under this chapter may only be issued as provided for in this section.

(Pub. L. 97-451, title I, §116, as added Pub. L. 104-185, §6(f)(1), Aug. 13, 1996, 110 Stat. 1714.)

CODIFICATION

Pub. L. 104-185, §4(a), which directed the addition of this section at the end of the Federal Oil and Gas Royalty Management Act of 1982, was executed by adding this section at the end of title I of that Act to reflect the probable intent of Congress.

EFFECTIVE DATE

Section applicable with respect to production of oil and gas after the first day of the month following Aug. 13, 1996, see section 11 of Pub. L. 104-185, set out as an Effective Date of 1996 Amendment note under section 1701 of this title.

APPLICABILITY

Section not applicable to any privately owned minerals or with respect to Indian lands, see sections 9 and 10 of Pub. L. 104-185, set out as an Applicability of 1996 Amendment note under section 1701 of this title.

**§ 1726. Alternatives for marginal properties**

**(a) Determination of best interests of State concerned and United States**

The Secretary and the State concerned, acting in the best interests of the United States and the State concerned to promote production, reduce administrative costs, and increase net receipts to the United States and the States, shall jointly determine, on a case by case basis, the amount of what marginal production from a lease or leases or well or wells, or parts thereof, shall be subject to a prepayment under subsection (b) or regulatory relief under subsection (c). If the State concerned does not consent, such prepayments or regulatory relief shall not be made available under this section for such marginal production: *Provided*, That if royalty payments from a lease or leases, or well or wells are not shared with any State, such determination shall be made solely by the Secretary.

**(b) Prepayment of royalty**

**(1) In general**

Notwithstanding the provisions of any lease to the contrary, for any lease or leases or well or wells identified by the Secretary and the State concerned pursuant to subsection (a), the Secretary is authorized to accept a prepayment for royalties in lieu of monthly royalty payments under the lease for the remainder of the lease term if the affected lessee so agrees. Any prepayment agreed to by the Secretary, State concerned and lessee which is less than an average \$500 per month in total royalties shall be effectuated under this section not earlier than two years after August 13, 1996, and, any prepayment which is greater

than an average \$500 per month in total royalties shall be effectuated under this section not earlier than three years after August 13, 1996. The Secretary and the State concerned may condition their acceptance of the prepayment authorized under this section on the lessee's agreeing to such terms and conditions as the Secretary and the State concerned deem appropriate and consistent with the purposes of this chapter. Such terms may—

(A) provide for prepayment that does not result in a loss of revenue to the United States in present value terms;

(B) include provisions for receiving additional prepayments or royalties for developments in the lease or leases or well or wells that deviate significantly from the assumptions and facts on which the valuation is determined; and

(C) require the lessee or its designee to provide such periodic production reports as may be necessary to allow the Secretary and the State concerned to monitor production for the purposes of subparagraph (B).

**(2) State share**

A prepayment under this section shall be shared by the Secretary with any State or other recipient to the same extent as any royalty payment for such lease.

**(3) Satisfaction of obligation**

Except as may be provided in the terms and conditions established by the Secretary under subsection (b), a lessee or its designee who makes a prepayment under this section shall have satisfied in full the lessee's obligation to pay royalty on the production stream sold from the lease or leases or well or wells.

**(c) Alternative accounting and auditing requirements**

Within one year after August 13, 1996, the Secretary or the delegated State shall provide accounting, reporting, and auditing relief that will encourage lessees to continue to produce and develop properties subject to subsection (a): *Provided*, That such relief will only be available to lessees in a State that concurs, which concurrence is not required if royalty payments from the lease or leases or well or wells are not shared with any State. Prior to granting such relief, the Secretary and, if appropriate, the State concerned shall agree that the type of marginal wells and relief provided under this paragraph is in the best interest of the United States and, if appropriate, the State concerned.

(Pub. L. 97-451, title I, §117, as added Pub. L. 104-185, §7(a), Aug. 13, 1996, 110 Stat. 1715; amended Pub. L. 104-200, §1(7), Sept. 22, 1996, 110 Stat. 2421.)

**CODIFICATION**

Pub. L. 104-185, §4(a), which directed the addition of this section at the end of the Federal Oil and Gas Royalty Management Act of 1982, was executed by adding this section at the end of title I of that Act to reflect the probable intent of Congress.

**AMENDMENTS**

1996—Subsec. (b)(1)(C). Pub. L. 104-200, §1(7), substituted "its designee" for "it designee".

**EFFECTIVE DATE**

Section applicable with respect to production of oil and gas after the first day of the month following Aug. 13, 1996, except as provided by this section, see section 11 of Pub. L. 104-185, set out as an Effective Date of 1996 Amendment note under section 1701 of this title.

**APPLICABILITY**

Section not applicable to any privately owned minerals or with respect to Indian lands, see sections 9 and 10 of Pub. L. 104-185, set out as an Applicability of 1996 Amendment note under section 1701 of this title.

**SUBCHAPTER II—STATES AND INDIAN TRIBES**

**§ 1731. Application of subchapter**

This subchapter shall apply only with respect to oil and gas leases on Federal lands or Indian lands. Nothing in this subchapter shall be construed to apply to any lease on the Outer Continental Shelf.

(Pub. L. 97-451, title II, §201, Jan. 12, 1983, 96 Stat. 2457.)

**§ 1731a. Application of subchapter to leases of lands within three miles of seaward boundaries of coastal States**

For fiscal year 1990 and each fiscal year thereafter, notwithstanding the provisions of section 1731 of this title, sections 1732 through 1736 of this title shall apply to any lease or portion of a lease subject to section 1337(g) of title 43, which, for purposes of those provisions and for no other purposes, shall be regarded as within the coastal State or States entitled to receive revenues from it under section 1337(g) of title 43.

(Pub. L. 101-121, title I, Oct. 23, 1989, 103 Stat. 711.)

**CODIFICATION**

Section was enacted as part of the Department of the Interior and Related Agencies Appropriations Act, 1990, and not as part of the Federal Oil and Gas Royalty Management Act of 1982 which comprises this chapter.

**SIMILAR PROVISIONS**

Similar provisions were contained in Pub. L. 100-446, title I, Sept. 27, 1988, 102 Stat. 1791.

**§ 1732. Cooperative agreements**

**(a) Authorization of Secretary; permission of Indian tribe required for activities on Indian lands**

The Secretary is authorized to enter into a cooperative agreement or agreements with any State or Indian tribe to share oil or gas royalty management information, to carry out inspection, auditing, investigation or enforcement (not including the collection of royalties, civil or criminal penalties or other payments) activities under this chapter in cooperation with the Secretary, and to carry out any other activity described in section 1718 of this title. The Secretary shall not enter into any such cooperative agreement with a State with respect to any such activities on Indian lands, except with the permission of the Indian tribe involved.

**(b) Access to royalty accounting information**

Except as provided in section 1733 of this title, and pursuant to a cooperative agreement—