

LEASING OF OSAGE RESERVATION  
LANDS FOR OIL & GAS MINING  
*REVISED REGULATIONS*  
25 C.F.R. PART 226

EFFECTIVE JULY 10, 2015

*REVISED PRESENTATION (JUNE 16, 2015)*

# DISCLAIMER

- **This outreach session is for informational purposes only and does not cover all of the details of the regulations.**
- **This presentation or informational session does not alleviate the responsibility of the lessee to become familiar with and comply with the regulations as found at <http://www.bia/gov/osageregnetg>.**

## 226.1 DEFINITIONS

- **The final rule deletes the term “major purchaser”; combines definitions for “casing head gas and natural gas into one definitions for “raw natural gas”; replaces the definition for Osage Tribal Council with “Osage Minerals Council”.**
- **New definitions for: avoidably lost, condensate, drainage, marketable condition, lease, maximum ultimate economic recovery, natural gas liquids, notice to lessees, onshore oil and gas order, other marketable product, production in paying quantities, surface owner, waste of oil, gas or other marketable product**

## 226.2 WHAT REQUIREMENTS GOVERN?

- **This is a new section that describes general requirements that lessees must follow in Osage County.**
- **I.e., All oil and gas activities or activities related to development of other marketable products conducted in Osage County are subject to these regulations, lease terms, orders of the Superintendent, and other applicable laws, regulations, and authorities.**

## 226.3 WHAT NOTICES & ORDERS CAN BIA ISSUE?

- **This is a new section providing more specificity regarding what notices and orders the BIA may issue. For example:**
- **The BIA after consultation with the Osage Minerals Council where appropriate, is authorized to issue and make effective oil and gas orders or notices to lessees; adopt onshore oil and gas orders or oil and gas related regulations issued by Bureau of Land Management.**

# 226.4 WHAT RESPONSIBILITIES DOES THE SUPERINTENDENT HAVE?

- **This new section describes with more specificity the responsibilities of the Superintendent. For example, the Superintendent is authorized to:**
  - Approve unitization, gas storage, and other contractual agreement
  - Assess compensatory royalty;
  - Approve suspension of operations, production, or both;
  - Approve and Monitor lease proposals for drilling, development, and production.
  - Perform administrative review;
  - Impose monetary assessments/penalties
  - Approve, inspect, and regulate operations;
  - Require compliance with terms of lease;
  - Require operations to be conducted in a manner that protects natural resources and environment; protect life and property

# 226.5 WHAT ARE THE REQUIREMENTS FOR LEASE SALES & APPROVALS?

- **Most of this section has remained the same but has been broken down for readability. New provisions include:**
- **Extends time of payment for cash bonus. New requirement is that 25% of the cash bonus is due within 5 business days following the sale**
- **Filing fee has been increased to \$75**
- **Requires the Superintendent to post legal descriptions of the mineral estate that are leased within 30 days of lease approval**
- **Authorizes the OMC to request comparable lease sales data from the Superintendent**

## 226.6 HOW DOES A LESSEE SURRENDER A LEASE?

- **The filing fee to surrender a lease has been increased to \$75**
- **No longer allows for surrender of separate horizons.**
- **Requirements have been added regarding lessee's responsibility for plugging and abandoning wells upon surrender (see 226.6(c)).**

## 226.7 WHAT FORMS OF PAYMENT ARE ACCEPTABLE?

- **Adds a new provision providing that the Superintendent is allowed to specify the manner & method of payments due under a lease or regulation.**

## 226.8 HOW DO CHANGES IN THE CURRENT REGULATIONS IMPACT LEASES?

- **No substantive changes were made to this provision.**

## 226.9 WHAT ARE THE BONDING REQUIREMENTS FOR LEASES?

- **The bonding requirement is now \$5,000 per well, up to a maximum of 25 wells. This requirement applies to all existing and new leases.**
  - Lessees may stack bonds to come into compliance with the approval of the Superintendent
- **Adds personal bonds as form of surety bond that will be accepted and sets forth requirements for personal and surety bonds.**
- **The following personal bonds are accepted:**
  - Certificate of Deposit
  - Cashier's Check
  - Certified Check
  - Negotiable Treasury securities of the US
  - Irrevocable Letter of Credit
- **\$150,000 Nationwide will continue to be accepted.**

# 226.10 CAN THE SUPERINTENDENT INCREASE THE AMOUNT OF THE BOND REQUIRED?

- **This is not a new provision, but is an amendment to the prior provision. The revised provision adds specificity with respect to when an increase in bonding is authorized (see 226.10(a)) and provides limitations on the bonding increase (see 226.10(b)).**

# 226.11 WHEN CAN THE SUPERINTENDENT RELEASE A BOND?

- **New section adding requirements for release of a bond.**
- **Within 45 days of receiving written notice from the lessee that a well(s) have been properly plugged per 226.52, the well/lease site has been reclaimed and all property has been removed, the Superintendent must release the applicable bond**

## 226.12 WHAT FORMS ARE MADE A PART OF THE REGULATIONS?

- **No substantive change from the prior regulations.**

## 226.13 WHAT INFORMATION MUST A CORPORATION SUBMIT?

- **No substantive changes from the prior regulations.**

## 226.14 WHAT ARE THE REQUIREMENTS FOR RENTAL, DRILLING, AND PRODUCTION?

- **The rental rate has been increased to not less than \$3 per acre for an oil or gas lease and not less than \$6 per acre for a combination oil and gas lease.**
- For existing leases, the amounts for the rental rate in the lease will continue to apply.
- **Rental must be received by due date, postmark date no longer acceptable**
- **The final rule clarifies the lessee's responsibility for diligent development and adds new provisions allowing the Osage Minerals Council to request a determination as to the diligent development of a lease.**
- **New provisions 226.14(e) & (f) added regarding nonproduction. 226.14(e) provides that, except for a lease in its primary term for which rental has been paid, a lease that does not produce in paying quantities for 120 consecutive calendar days is thereby terminated by operation of law, effective immediately. The Superintendent will notify the lessee of such termination.**

# 226.15 WHAT ARE THE LESSEE'S OBLIGATIONS REGARDING DRAINAGE?

- **This is a new provision regarding drainage. The provision applies to all leases within Osage County and is not limited to those leases that border the County.**
- **Lessee is responsible to protect land from drainage of its oil or gas content by wells outside the lease.**
- **In lieu of drilling or modifying wells, the lessee with the consent of the Superintendent, may pay compensatory royalty.**
- **Lessee's responsibility to prove that lessee could not produce in paying quantities from a protective well at a reasonable profit.**

# 226.16 WHAT CAN THE SUPERINTENDENT DO WHEN DRAINAGE OCCURS?

- **This is a new provision specifying remedies for drainage.**
- **Superintendent may send a demand letter; however, this does not relieve the lessee from taking immediate action at the time of discovery.**
- **Superintendent can require additional remedies for protective action once drainage has occurred.**
- **Superintendent will consider several factors such as rig availability; well depth, weather, environmental concerns, etc.**
- **If the Superintendent determines the lessee failed to take protective action against drainage, the lessee will owe compensatory royalty for the period of delay.**
- **Compensation will be assessed until the lessee drills sufficient protective wells, draining well stops producing, or the lessee relinquishes interest in the lease.**

# 226.17 WHAT IS THE TERM OF A LEASE?

- **No substantive change from the prior regulation.**

## 226.18 WHAT IS THE ROYALTY RATE FOR OIL?

- **Royalty rate for all new leases are subject to the “not be less than 20%” rate provided in this section.**
- Existing leases are subject to the royalty rate specified in the existing lease.
- **With approval of the Superintendent, the OMC may take royalty in kind.**
- **If royalty is not taken in kind, for all leases (existing and new), in calculating the royalty amount due, the settlement value per barrel is (1) the average NYMEX daily price of oil at Cushing, OK for the month in which the oil was sold adjusted for gravity or (2) the actual selling price for the transaction as adjusted for gravity, *whichever is greater.***

## 226.19 HOW IS GRAVITY ADJUSTMENT CALCULATED?

- **A new provision adding a gravity adjustment table for royalty.**
- **Allows the Superintendent to publish a gravity adjustment scale for oil of gravity below 40.0 degrees or above 44.9 degrees that supercedes this provision, provided that such decision is based on substantial evidence that market conditions warrant the change.**

# 226.20 HOW IS THE ROYALTY ON GAS CALCULATED?

- **Amends prior regulations regarding gas royalty.**
- **All gas removed must be metered when removed.**
- **For all new leases, the royalty rate will not be less than 20% unless OMC takes royalty in kind.**
  - Existing gas leases are still required to pay at the royalty rate specified in the existing lease.
- **For all leases (existing and new), unless otherwise directed by the Superintendent, royalty will be determined by multiplying the measured volume of gas at the well (Mcf), times the heating volume of the gas (MMBtu/Mcf), times the index price of the gas (\$/MMBtu) for Oklahoma Zone 1 published by the DOI's Office of Natural Resources Revenue.**

## 226.21 WHO DETERMINES ROYALTY ON LOST OR WASTED MINERALS?

- **New provision.**
- **Lessee is responsible for the payment of all royalty on all oil and gas wasted or lost.**
- **Allows the Superintendent to determine the volume and quality of the lost oil and gas, provided that the lessee is permitted to submit information, but all doubts about volume and quality are to be resolved in favor of the lessor.**

## 226.22 WHAT IS THE MINIMUM ROYALTY PAYMENT FOR ALL LEASES?

- **Amends the date for payment of minimum royalty due in the event that royalty paid from producing lease is less than the annual rental. Minimum royalty is now due at the end of the lease year.**
- **Adds a provision allowing the Superintendent to raise the late charge rate after consultation with the Osage Minerals Council.**

## 226.23 WHAT ROYALTY IS DUE ON OTHER MARKETABLE PRODUCTS?

- **New provision.**
- **Royalty on other marketable products must be paid at a rate of not less than 20% of the actual sales.**
- **Per 226.1 Other marketable products means a non-hydrocarbon product, including but not limited to helium, nitrogen, and carbon-dioxide, for which there is a market.**

# 226.24 WHAT PURCHASE OPTIONS DOES THE FEDERAL GOVERNMENT HAVE?

- **Amends prior regulation to ensure that the federal government purchases oil consistent with the new royalty requirements for oil as defined in § 226.18.**

## 226.25 HOW ARE ROYALTY PAYMENTS MADE?

- **Adds new requirements regarding payments.**
- **Royalty payments may be paid by either the lessee or the purchaser provided that a written agreement is provided to the Superintendent when purchaser is the party responsible for payment i.e. contracts/division orders.**
- **Payments are now due by the end of the month following the month during which the oil & gas is produced & sold, except when the last day of the month falls on a weekend or holiday. In such cases, payments are due on the first business day of the succeeding month.**

## 226.26 WHAT REPORTS ARE REQUIRED TO BE PROVIDED?

- **Amends the provisions for reporting.**
- **For example, the lessee must furnish certified monthly reports covering all operations in a form specified by the Superintendent, whether there has been production or not, indicating therein the total amount of oil, raw natural gas, and other products subject to royalty payment, by the end of the month following the month during which the oil and gas is produced or sold, except when the last day of the month falls on a weekend or holiday. In such cases, payments are due on the first business day of the succeeding month.**
- **Requires reports be in certain electronic formats and provides that the Superintendent may require such information to be provided to other agencies in the Department (i.e., ONRR).**
- **Requires that Osage Minerals Council receive copies of all reports required under this section on at least a quarterly basis.**

# 226.27 CAN A LESSEE ENTER INTO ROYALTY PAYMENT CONTRACTS AND DIVISION ORDERS?

- **Amends the due date for reporting to be consistent with other reporting due dates.**

## 226.28 WHEN IS UNITIZATION ALLOWED?

- **No substantive changes were made to these provisions.**

## 226.29 HOW ARE LEASES ASSIGNED?

- **Provision regarding lease assignments has been amended to include more specificity regarding the responsibilities and liabilities of assignors and assignees when a lease is assigned.**
- **Provisions allowing the assignment of separate horizons has been removed and such assignments are no longer allowed.**
- **Filing fee has increased to \$75 for each assignment.**

## 226.30 ARE OVERRIDING ROYALTY AGREEMENTS ALLOWED?

- **Deletes the provision regarding suspension of overriding royalty agreements.**

# 226.31 WHEN ARE DRILLING CONTRACTS ALLOWED?

- **No substantive changes from prior regulations.**

## 226.32 WHEN CAN AN OIL LEASE & A GAS LEASE BE COMBINED?

- **No substantive changes from prior regulations.**

## 226.33 WHAT ARE THE GENERAL REQUIREMENTS GOVERNING OPERATIONS?

- **New provision that sets forth with more specificity general requirements for leasing operations. For example:**
- **The lessee must ensure proper handling, measurement, disposition, and site security;**
- **Protect natural resources and environmental quality;**
- **Protect life and property;**
- **Obtain the maximum ultimate economic recovery of oil and gas and other marketable products with minimum waste;**
- **Lessee must permit the Superintendent or his Representative access to inspect facilities, records, and other activity pertaining to operations.**

## 226.34 WHAT REQUIREMENTS APPLY TO COMMENCEMENT OF OPERATIONS ON A LEASE?

- **Adds a provision clarifying that before approval of each oil and/or gas lease and activities and installations associated therewith, such actions must be assessed and evaluated from its environmental impact, i.e. NEPA.**
- **Adds a provision clarifying that information regarding cultural and archeological surveys must be submitted to the Superintendent when requested.**
- **No other substantive changes were made to these provisions.**

## 226.35 HOW DOES A LESSEE ACQUIRE PERMISSION TO BEGIN OPERATIONS ON A RESTRICTED HOMESTEAD ALLOTMENT?

- **No substantive changes from prior regulations.**

## 226.36 WHAT KIND OF NOTICE & INFORMATION IS REQUIRED TO BE GIVEN TO SURFACE OWNERS PRIOR TO COMMENCEMENT OF DRILLING OPERATIONS?

- **Adds a requirement that lessee send written notification to the surface owner by certified mail with a copy to the Superintendent prior to conducting archeological or biological surveys or staking of wells.**
- **Continues to require lessee to attempt to meet with the surface owner or his/her representative at least 10 calendar days prior to the commencement or any operations. BUT, adds a provision that the meeting must be requested in writing by certified mail with a copy to the Superintendent.**
  - Adds a provision that if during the meeting, the lessee and surface owner cannot agree on routes of ingress or egress, the Superintendent must notify both parties in writing of their opportunity to meet and submit information before such routes are set by the Superintendent.
- **Continues to allow the Superintendent to authorize the lessee to proceed with operations when a surface owner or its representative cannot be contacted at last known address, and adds that the Superintendent can also make such determination when a surface owner has not accepted a meeting request within 30 days of receipt of the request.**

## 226.37 HOW MUCH OF THE SURFACE MAY A LESSEE USE?

- **Adds a provision requiring notification to the lessee and surface owner of their opportunity to provide information before the Superintendent may set routes for pipelines, electric lines etc.**

## 226.38 WHAT COMMENCEMENT MONEY MUST THE LESSEE PAY TO THE SURFACE OWNER?

- **Modifies timing of when commencement money is due to requiring payment upon actual exploration and/or development**
- **Adds payment of \$400 per linear mile for surface source data acquisition - seismic**
- **Adds payment of \$10 per acre occupied for 3D Seismic Survey**
- **Increases payment to \$2,500 per well**

# 226.39 WHAT FEES MUST LESSEE PAY TO A SURFACE OWNER FOR TANK SITING?

- **Increased rate for tank site to \$500 per tank.**
  - This fee is paid for the siting of new tanks and does not apply to existing or temporary tanks.

## 226.40 WHAT IS A SETTLEMENT OF DAMAGES CLAIMED?

- **Provisions remain substantively similar to prior regulations.**

## 226.41 WHAT IS THE PROCEDURE FOR SETTLEMENT OF DAMAGES CLAIMED?

- **Provisions remain substantively unchanged from prior regulations.**

## 226.42 WHAT ARE THE LESSEE'S OBLIGATIONS FOR PRODUCTION?

- **New provision.**
- **The lessee must put into marketable condition at no cost to the lessor, all oil, gas, and other marketable products produced from the leased land.**
- **Where oil accumulates in a pit, such oil must either be recirculated through the regular treating system and returned to the stock tanks for sale or pumped into a stock tank without treatment and measured for sale in the same manner as from any sales tank in accordance with applicable orders and notices.**
- **In the absence of prior approval from the Superintendent, no oil may be pumped into a pit except in an emergency.**

## 226.43 WHAT DOCUMENTATION IS REQUIRED FOR TRANSPORTATION OF OIL OR GAS OR OTHER MARKETABLE PRODUCT?

- **New provision.**
- **Requires for example, documentation for transportation of oil, gas or other marketable product to enable the Superintendent to inspect and confirm proper transportation.**
- **Any person engaged in transporting by motor vehicle any oil from any lease site, or allocated to any such lease site, must carry on his/her person, in his/her vehicle, or in his/her immediate control, documentation showing at a minimum; the amount, origin, and intended first purchaser.**
- **The same applies to any person engaged in transporting any oil or gas or other marketable product by pipeline produced from or allocated to any lease site.**

## 226.44 WHAT ARE A LESSEE'S OBLIGATIONS FOR PREVENTING POLLUTION?

- **Adds a requirement that all pits used for drilling must be enclosed with a fence of at least four strands of barbed wire or an approved substitute, and immediately after completion of operations, pits must be emptied, reclaimed, and leveled. Unlined earthen pits may not be used for the storage of salt water or other deleterious substances.**

# 226.45 WHAT ARE THE LESSEE'S OTHER ENVIRONMENTAL RESPONSIBILITIES?

- **New provision setting forth lessee's specific environmental responsibilities and obligations while conducting operations. For example:**
- **Lessee must exercise due care and diligence to ensure operations do not result in undue damages to surface or subsurface.**
- **Lessee must submit plan as to reclamation of the disturbed area.**
- **Lessee is responsible for the reporting of any and all spill and leaks as soon as discovered and no later than the next business day.**

## 226.46 WHAT SAFETY PRECAUTIONS MUST A LESSEE TAKE?

- **New provision.**
- **Requires lessee to perform operations and maintain equipment in a safe and workmanlike manner, including compliance with National Electrical Code.**
  - This applies to all existing and new lines.
- **Lessee must take all precautions necessary to provide adequate protection for the health and safety of life and the protection of property.**

## 226.47 WHEN CAN THE SUPERINTENDENT GRANT EASEMENTS FOR WELLS OFF LEASED PREMISES?

- **Adds a provision that provides that the Superintendent will notify or attempt to notify both the surface owner and lessee in writing of their opportunity to meet and submit information for consideration before a final decision is made with respect to granting easements off leased premises.**

## 226.48 A LESSEE'S USE OF WATER.

- **No changes from prior regulations.**

## 226.49 WHAT ARE THE RESPONSIBILITIES OF AN OIL LESSEE WHEN A GAS WELL IS DRILLED & VICE VERSA?

- **Revised regulation removes all provisions regarding plugging of a well if an oil or gas lessee cannot agree on apportionment costs.**
- **If an oil lessee agrees to take over an oil well drilled by a gas lessee (or vice versa) but the two cannot agree on apportionment of costs, the Superintendent will apportion costs.**

# 226.50 HOW IS THE COST OF DRILLING A WELL DETERMINED?

- **No substantive changes from prior regulations.**

## 226.51 WHAT ARE THE REQUIREMENTS FOR USING GAS FOR OPERATING PURPOSES AND TRIBAL USES?

- **Adds a requirement that gas for tribal use must be odorized and treated in accordance with industry standards for safe use.**

# 226.52 WHEN CAN A LESSEE SHUTDOWN, ABANDON, AND PLUG A WELL?

- **Amends the standard for when a lessee can permanently abandon a well – no well may be permanently abandoned until it is no longer capable of producing oil or gas in paying quantities and such a showing has been made to the Superintendent.**

# 226.53 WHEN MUST A LESSEE DISPOSE OF CASINGS AND OTHER IMPROVEMENTS?

- **Makes clear that the provision applies to all lease terminations.**
- **No longer requires a \$15 plugging fee and eliminates the ability of the Superintendent to orally approve the plugging of a well.**
- **Adds a requirement that lessee must submit a statement affirming compliance with 226.52 and written application to plug a well with a detailed statement of the proposed work.**

## 226.54 WHAT GENERAL REQUIREMENTS APPLY TO LESSEES?

- **Adds a requirement that the lessee must maintain and preserve records for 6 years from the day on which the transaction recorded occurred unless the Superintendent notifies the lessee of an audit or investigation involving the records and that they must be maintained for a longer period. When an audit or investigation is underway, records must be maintained until the lessee is released in writing from the obligation to maintain the records.**

## 226.55 WHEN MUST A LESSEE DESIGNATE PROCESS AGENTS?

- **Eliminates the provision allowing party in charge of operations to appoint a representative when parties jointly own a lease.**
- **Regulation now provides that where several parties own a lease jointly, the parties must jointly designate one representative or agent whose duties are to act for all parties concerned.**

## 226.56 WHAT ARE THE LESSEE'S RECORD AND REPORTING REQUIREMENTS FOR WELLS?

- **Adds a requirement that lessee must also submit other reports and records of operations as may be required and in the manner, form, and method prescribed by the Superintendent.**

# 226.57 WHAT LINE DRILLING LIMITATIONS MUST A LESSEE COMPLY WITH?

- **No substantive changes from prior regulations.**

# 226.58 WHAT ARE THE REQUIREMENTS FOR MARKING WELLS AND TANK BATTERIES?

- **Adds requirement that lessee's name be added to wells and tank batteries.**

# 226.59 WHAT PRECAUTIONS MUST A LESSEE TAKE TO ENSURE NATURAL FORMATIONS ARE PROTECTED?

- **No substantive changes prior regulations.**

# 226.60 WHAT ARE A LESSEE'S OBLIGATIONS TO MAINTAIN CONTROL OF WELLS?

- **Adds new provisions (b) thru (f) for control of wells. New requirements provide, for example:**
- **Lessee must take all precautions to keep the well under control at all times to insure safety of operation conditions and procedures.**
- **Lessee must insure, in accordance with the regulation, that drilling operations for vertical wells do not deviate significantly from original drilling plans without prior approval from Superintendent.**
- **Lessee must take immediate steps to maintain or restore control of any well where the pressure equilibrium has become unbalanced.**
- **Lessee is responsible, in accordance with the regulation, for the protection of fresh water and other usable water**
- **Lessee must conduct activities in accordance with On Shore Order No. 6 which pertains to Hydrogen Sulfide Operations**

# 226.61 HOW DOES A LESSEE PREVENT WASTE OF OIL & GAS & OTHER MARKETABLE PRODUCTS?

- **Adds references to other marketable product (after references to oil and gas).**

# 226.62 HOW DOES A LESSEE MEASURE & STORE OIL?

- **Adds new provisions (b) thru (d), regarding measurement, for example:**
- **Lessee must provide 48 hours notification to the Superintendent of all LACT meter inspections, calibrations, and adjustment, which must occur at least 2X/year and be at least 5 months apart.**
- **Lessee must notify the Superintendent prior to notification of the purchase or removal of oil.**
  - Notification only has to occur before the purchaser is notified (there is no minimum time period regarding time between when the Superintendent is notified and when the purchase is notified).
- **Superintendent has the right to witness, unannounced, all LACT meter inspections, calibrations, and adjustments and gauging's.**

## 226.63 HOW IS GAS MEASURED?

- **Adds new provisions (a) and (c) requiring additional gas measurement requirements, for example:**
- **Measurement of gas must comply with accordance with BLM Onshore Oil and Gas Order No. 5 (if there is a conflict with any provision of the regulations, the regulations control).**
- **Requires that lessees calibrate, inspect and adjust meters twice a year and at least 5 months apart.**
- **Lessee must provide notification to the Superintendent 48 hours in advance to allow for the witnessing of this requirement. The Superintendent is also allowed to witness, unannounced, all meter inspections, calibrations and adjustments.**
- **Please note paragraph (b) contains a typographical error regarding the reference to 14.65 psi should be 14.73 psi.**

## 226.64 WHEN CAN A LESSEE USE GAS FOR LIFTING OIL?

- **No substantive change from the prior regulations.**

## 226.65 WHAT SITE SECURITY STANDARDS APPLY TO OIL AND GAS AND OTHER MARKETABLE PRODUCT LEASES?

- **New provision regarding site security, that provides, for example:**
- **Lessee is required to have sealed valves at production, sales, and circulating lines to detect and prevent internal and external theft. A sealed valve may also be required if a equalizer line is used on site.**
- **Lessee is responsible for providing the Superintendent with site security plans for all facilities.**
- **Lessee is responsible for providing to the Superintendent all site facility diagrams for all storage facilities.**

## 226.66 WHAT ARE A LESSEE'S REPORTING REQUIREMENTS FOR ACCIDENTS, FIRES, THEFT, AND VANDALISM?

- **Adds requirement that lessee must report incidents as soon as discovered, but not later than the next business day.**
  - Report must include an estimate of the volume of oil involved, if applicable.
  - Thefts must be reported within one business day to local law enforcement agencies and internal company security.
- **Adds requirement that lessee must also notify or attempt to notify the surface owner in writing of any incident covered under this provision.**

## 226.67 WHAT ARE THE PENALTIES FOR VIOLATIONS OF LEASE TERMS?

- **Adds a provision that the lease can specify alternative fines and penalties.**
- **Deletes the provisions allowing the Osage Minerals Council to waive late charges on unpaid penalties.**

## 226.68 WHAT ARE THE PENALTIES FOR VIOLATION OF CERTAIN OPERATING REGULATIONS?

- **Adds a provision specifying that this section applies, unless otherwise specified in a lease.**
- **Remaining provisions are substantively unchanged from the prior regulations. None of the fine or penalty amounts have changed.**

## 226.69 WHO CAN FILE AN APPEAL?

- **No substantive changes from the prior regulations.**

# 226.70 ARE THE NOTICES BY THE SUPERINTENDENT BINDING?

- **No substantive changes from the prior regulations.**

# 226.71 INFORMATION COLLECTION

- **No substantive changes from the prior regulations.**

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