time, the Regional Supervisor must determine that the longer period is in the national interest, and it conserves resources, prevents waste, or protects correlative rights.

(f) When you begin conducting operations on a lease that has continued beyond its primary term, you must immediately notify the District Manager either orally or by fax or e-mail and follow up with a written report according to paragraph (g) of this section.

(g) If your lease is continued beyond its primary term, you must submit a report to the District Manager under paragraphs (h) and (i) of this section whenever production begins initially, whenever production ceases, whenever drilling or well-reworking operations begin before the end of the 180-day period after having ceased, or whenever production resumes before the end of the 180-day period.

(h) The reports required by paragraphs (a) and (g) of this section must contain:

1. Name of lessee or operator;
2. The well number, lease number, area, and block;
3. As appropriate, the unit agreement name and number; and
4. A description of the operation and pertinent dates.

(i) You must submit the reports required by paragraphs (a) and (g) of this section within the following time-frames:

1. Initialization of production—within 5 days of initial production.
2. Cessation of production—within 15 days after the first full month of zero production.
3. Resumption of production—within 5 days of resuming production after ceasing production under paragraph (i)(2) of this section.
4. Drilling or well reworking operations—within 5 days of beginning and completing the leaseholding operations.

(j) For leases continued beyond the primary term, you must immediately report to the District Manager if operations do not begin before the end of the 180-day period.

§ 250.182 When may the Secretary cancel a lease at the exploration stage?

MMS may not approve an exploration plan (EP) under 30 CFR part 250, subpart B, if the Regional Supervisor determines that the proposed activities may cause serious harm or damage to life (including fish and other aquatic life), property, any mineral deposits, the national security or defense, or to the marine, coastal, or human environment, and that the proposed activity cannot be modified to avoid the condition(s). The Secretary may cancel the lease if:

(a) The primary lease term has not expired (or if the lease term has been extended) and exploration has been prohibited for 5 years following the disapproval; or
(b) You request cancellation at an earlier time.

§ 250.183 When may MMS or the Secretary extend or cancel a lease at the development and production stage?

(a) MMS may extend your lease if you submit a DPP and the Regional
Minerals Management Service, Interior § 250.186

Supervisor disapproves the plan according to the regulations in 30 CFR part 250, subpart B. Following the disapproval:

(1) MMS will allow you to hold the lease for 5 years, or less time at your request;

(2) Any time within 5 years after the disapproval, you may reapply for approval of the same or a modified plan; and

(3) The Regional Supervisor will approve, disapprove, or require modification of the plan under 30 CFR part 250, subpart B.

(b) If the Regional Supervisor has not approved a DPP or required you to submit a DPP for approval or modification, the Secretary will cancel the lease:

(1) When the 5-year period in paragraph (a)(1) of this section expires; or

(2) If you request cancellation at an earlier time.

§ 250.184 What is the amount of compensation for lease cancellation?

When the Secretary cancels a lease under §§250.181, 250.182 or 250.183 of this subpart, you are entitled to receive compensation under 43 U.S.C. 1334 (a)(2)(C). You must show the Director that the amount of compensation claimed is the lesser of paragraph (a) or (b) of this section:

(a) The fair value of the cancelled rights as of the date of cancellation, taking into account both:

(1) Anticipated revenues from the lease; and

(2) Costs reasonably anticipated on the lease, including:

(i) Costs of compliance with all applicable regulations and operating orders; and

(ii) Liability for cleanup costs or damages, or both, in the case of an oil spill.

(b) The excess, if any, over your revenues from the lease (plus interest thereon from the date of receipt to date of reimbursement) of:

(1) All consideration paid for the lease (plus interest from the date of payment to the date of reimbursement); and

(2) All your direct expenditures (plus interest from the date of payment to the date of reimbursement);

(i) After the issue date of the lease; and

(ii) For exploration or development, or both.

(c) Compensation for leases issued before September 18, 1978, will be equal to the amount specified in paragraph (a) of this section.

§ 250.185 When is there no compensation for a lease cancellation?

You will not receive compensation from MMS for lease cancellation if:

(a) MMS disapproves a DPP because you do not receive concurrence by the State under section 307(c)(3)(B) (i) or (ii) of the CZMA, and the Secretary of Commerce does not make the finding authorized by section 307(c)(3)(B)(iii) of the CZMA;

(b) You do not submit a DPP under 30 CFR part 250, subpart B or do not comply with the approved DPP;

(c) As the lessee of a nonproducing lease, you fail to comply with the Act, the lease, or the regulations issued under the Act, and the default continues for 30 days after MMS mails you a notice by overnight mail;

(d) The Regional Supervisor disapproves a DPP because you fail to comply with the requirements of applicable Federal law; or

(e) The Secretary forfeits and cancels a producing lease under section 5(d) of the Act (43 U.S.C. 1334(d)).

INFORMATION AND REPORTING REQUIREMENTS

§ 250.186 What reporting information and report forms must I submit?

(a) You must submit information and reports as MMS requires.

(1) You may obtain copies of forms from, and submit completed forms to, the District Manager or Regional Supervisor.

(2) Instead of paper copies of forms available from the District Manager or Regional Supervisor, you may use your own computer-generated forms that are equal in size to MMS’s forms. You must arrange the data on your form identical to the MMS form. If you generate your own form and it omits terms and conditions contained on the official MMS form, we will consider it to contain the omitted terms and conditions.