



## STATUTORILY REQUIRED INCREASE IN FILING FEE FOR PROCESSING APPLICATIONS FOR PERMIT TO DRILL (APDS) IN FISCAL YEAR (FY) 2021

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**IM 2020-033**

Instruction Memorandum

United States Department of the Interior  
BUREAU OF LAND MANAGEMENT  
Grand Junction, Colorado 81506  
<https://www.blm.gov>  
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To: All Field Office Officials

From: Assistant Director, Energy, Minerals and Realty Management

Subject: Statutorily Required Increase in Filing Fee for Processing Applications for Permit to Drill (APDs) in Fiscal Year (FY) 2021

**Program Areas:** Oil and Gas Operations.

**Purpose:** This Instruction Memorandum (IM) describes the updated fee for processing APDs in FY 2021 that is required by law.

**Administrative or Mission Related:** Administrative.

**Policy/Action:** As required in 30 U.S.C. 191(d) for FYs 2016 through 2026, the Bureau of Land Management (BLM) is required to collect a filing fee for each new APD submitted to the BLM, including those on Indian minerals. This non-refundable filing fee will apply to any new APD submitted on Form 3160-3, whether submitted individually or as part of a Master Development Plan. This APD filing fee is required up front for processing an APD whether or not the APD is subsequently approved.

The filing fee is not required for a Notice of Staking but is required if an APD is submitted using Form 3160-3.

Effective October 1, 2020, the fee will be updated to reflect inflation, as required by statute, and will be in the amount of \$10,360. 30 U.S.C. 191(d)(2). The increase in the filing fee does not change Onshore Oil and Gas Order Number 1 (Order No. 1), 82 Fed. Reg. 2906 (2017), or its implementation.

Because of the statutory requirement, if an operator submits an APD for a new well without including the non-refundable filing fee of \$10,360, the BLM cannot log it in, post, process, or consider it received until the operator pays the full fee. As of October 1, 2020, APDs for which operators submit the previous FY 2020 filing fee of \$10,230, will not be considered paid until the BLM receives the full filing fee of \$10,360. In the event that the operator does not submit the full filing fee, the BLM will contact the operator and give the operator 10 business days to submit the required amount. The BLM is to consider an APD filed and start the processing clock that is described in Onshore Order No. 1 only after the operator submits the full filing fee.

Failure to submit the APD fee is not an Onshore Order No. 1 deficiency. If the operator fails to pay the full filing fee after the 10-day notice described above, the BLM will return the APD along with any partial filing fee to the operator. Because this APD fee is established by statute and the BLM has no discretion to change or waive it, an operator who fails to submit the full \$10,360 fee cannot seek a State Director Review and has no right of appeal to the Interior Board of Land Appeals. Failure to submit the filing fee is a statutory violation and not a violation of Department of the Interior regulations.

The acceptable form of payment and processing of the payment are in accordance with the BLM Collection Reference Guide, May 2008.

The BLM is to enter the collected funds in the Collections and Billings System and Pay.gov using the collection protocol as follows:

Commodity - OIL & GAS

Subject - APPLICATION FOR PERMIT TO DRILL (APD)

Action - APD FILING FEE (XXXL5573XS)(9144)

Replacement wells that an operator uses when it encounters down-hole problems and must skid the rig a few feet on the same well pad may require a new Form 3160-3 for administrative purposes. However, since the BLM completed most of the work to approve the APD in those circumstances, including consultation and environmental work, the new Form 3160-3 would not represent a new well application. Accordingly,

an additional filing fee is not required.

If the operator moves the well location at the request of the BLM to accomplish agency or resource conservation goals or to accommodate a surface owner request, and the move results in a new APD, an additional filing fee is not required for the moved well. An example would be moving a well to reduce a cut and fill or loss of habitat. However, if the operator requests the move and the move results in a new APD, an additional filing fee is required.

An additional filing fee would not be required if the operator submits a second Form 3160-3 for the purpose of correcting a clerical error or to adjust a drilling location that is changed at the on-site inspection.

**Timeframe:** This guidance is effective on October 1, 2020. As required by 30 U.S.C. 191(b)(2), the amount of the fee will change as indexed for United States dollar inflation as measured by the Consumer Price Index. The BLM Headquarters Office posts an updated fee notice on an annual basis by issuing IM guidance and a press release which is posted to the BLM website. The updated filing fee reflects an adjustment, as required by law, to the current fee based on the percentage change in the Bureau of Labor Statistics' (BLS) seasonally adjusted Consumer Price Index for all goods and all urban consumers (CPI-U) for August of the previous calendar year to August of the current calendar year, on the business day following its release on [www.BLS.gov](http://www.BLS.gov). These changes will reflect the latest available data at the time of issuance of the notice. The CPI-U is used from August 2019 to August 2020, but the annual APD Fee change does not come into effect until October 1, 2020.

**Budget Impact:** The BLM expects that the collection and processing of this filing fee will have minimal impact on the budget. The increased fee is expected to have a positive impact on the BLM's oil and gas fee collection revenue.

**Background:** For several years, ending in 2015, the annual *Interior, Environment, and Related Agencies Appropriations Act* authorized the BLM to collect a fee when an APD for oil and natural gas was submitted. The *National Defense Authorization Act for Fiscal Year 2015* (P.L. 113-291) provided for a 10-year authorization of APD fees, adjusted each year for inflation, replacing the fee previously provided through the annual appropriations language. For FY 2015, the APD fee was set at \$9,500 and up to \$32.5 million from those collections was authorized to be credited to the Management of Lands and Resources appropriation. Collections in excess of that amount were deposited to the General Fund. The fee in 2018 was \$9,790 per application and \$42 million was collected. The fee in 2019 was \$10,050 and rose to \$10,230 in 2020. The BLM collected \$41 million from APD fees in 2019 and expects to collect \$52 million in 2020. The National Defense Authorization Act also requires that the fees be deposited to the Permit Processing Improvement Fund.

**Manual/Handbook Sections Affected:** None.

**Coordination:** This IM was coordinated with the Department of the Interior's Office of the Solicitor and Headquarters Office Divisions of Fluid Minerals.

**Contact:** If there are any questions concerning this IM, please contact me at 970-256-4918. Your staff may contact Donna Dixon, Division Chief, HQ-310, (505) 964-2032 or [dbdixon@blm.gov](mailto:dbdixon@blm.gov); or Suzanne Mehlhoff, Petroleum Engineer, HQ-310, at 406-896-5031 or [smehlhoff@blm.gov](mailto:smehlhoff@blm.gov).

Signed by:  
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FISCAL YEAR

2020