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## **Title 43 – Public Lands: Interior**

### **Subtitle B – Regulations Relating to Public Lands**

#### **Chapter II – Bureau of Land Management, Department of the Interior**

##### **Subchapter C – Minerals Management (3000)**

###### **Part 3100 – Oil and Gas Leasing**

**Authority:** 25 U.S.C. 396d and 2107; 30 U.S.C. 189, 306, 359 and 1751; 43 U.S.C. 1732(b), 1733, and 1740; and the Energy Policy Act of 2005 (Pub. L. 109-58).

**Source:** 48 FR 33662, July 22, 1983, unless otherwise noted.

###### **Subpart 3106 Transfers by Assignment, Sublease or Otherwise**

§ 3106.1 Transfers, general.

§ 3106.2 Qualifications of transferees.

§ 3106.3 Fees.

§ 3106.4 Forms.

§ 3106.4-1 Transfers of record title and of operating rights (subleases).

§ 3106.4-2 Transfers of other interests, including royalty interests and production payments.

§ 3106.4-3 Mass transfers.

§ 3106.5 Description of lands.

§ 3106.6 Bonds.

§ 3106.6-1 Lease bond.

§ 3106.6-2 Statewide/nationwide bond.

§ 3106.7 Approval of transfer.

§ 3106.7-1 Failure to qualify.

§ 3106.7-2 If I transfer my lease, what is my continuing obligation?

§ 3106.7-3 Lease account status.

§ 3106.7-4 Effective date of transfer.

§ 3106.7-5 Effect of transfer.

§ 3106.7-6 If I acquire a lease by an assignment or transfer, what obligations do I agree to assume?

§ 3106.8 Other types of transfers.

§ 3106.8-1 Heirs and devisees.

§ 3106.8-2 Change of name.

§ 3106.8-3 Corporate merger.

###### **Subpart 3106—Transfers by Assignment, Sublease or Otherwise**

**Source:** 53 FR 17355, May 16, 1988, unless otherwise noted.

## § 3106.1 Transfers, general.

- (a) Leases may be transferred by assignment or sublease as to all or part of the acreage in the lease or as to either a divided or undivided interest therein. An assignment of a separate zone or deposit, or of part of a legal subdivision, shall be disapproved.
- (b) An assignment of less than 640 acres outside Alaska or of less than 2,560 acres within Alaska shall be disapproved unless the assignment constitutes the entire lease or is demonstrated to further the development of oil and gas to the satisfaction of the authorized officer. Execution and submission of a request for approval of such an assignment shall certify that the assignment would further the development of oil and gas, subject to the provisions of § 3102.5-3 of this title. The rights of the transferee to a lease or an interest therein shall not be recognized by the Department until the transfer has been approved by the authorized officer. A transfer may be withdrawn in writing, signed by the transferor and the transferee, if the transfer has not been approved by the authorized officer. A request for approval of a transfer of a lease or interest in a lease shall be filed within 90 days from the date of its execution. The 90-day filing period shall begin on the date the transferor signs and dates the transfer. If the transfer is filed after the 90th day, the authorized officer may require verification that the transfer is still in force and effect. A transfer of production payments or overriding royalty or other similar payments, arrangements, or interests shall be filed in the proper BLM office but shall not require approval.
- (c) No transfer of an offer to lease or interest in a lease shall be approved prior to the issuance of the lease.

[53 FR 22839, June 17, 1988]

## § 3106.2 Qualifications of transferees.

Transferees shall comply with the provisions of subpart 3102 of this title and post any bond that may be required.

## § 3106.3 Fees.

Each transfer of record title or of operating rights (sublease) for each lease must include payment of the processing fee for assignments and transfers found in the fee schedule in § 3000.12 of this chapter. Each request for a transfer to an heir or devisee, request for a change of name, or notification of a corporate merger under § 3106.8, must include payment of the processing fee for name changes, corporate mergers or transfers to heir/devisee found in the fee schedule in § 3000.12 of this chapter. Each transfer of overriding royalty or payment out of production must include payment of the processing fee for overriding royalty transfers or payments out of productions found in the fee schedule in § 3000.12 of this chapter for each lease to which it applies.

[70 FR 58874, Oct. 7, 2005]

## § 3106.4 Forms.

### § 3106.4-1 Transfers of record title and of operating rights (subleases).

Each transfer of record title or of an operating right (sublease) shall be filed with the proper BLM office on a current form approved by the Director or exact reproductions of the front and back of such form. A transfer filed on a form not currently in use shall be acceptable, unless such form has been declared obsolete by the Director prior to the filing of the transfer. A separate form for each transfer, in triplicate, originally executed shall be filed for each lease out of which a transfer is made. Only 1 originally executed copy of a transferee's request for approval for each transfer shall be required, including in those instances where several transfers to a transferee have been submitted

at the same time (See also § 3106.4-3). Copies of documents other than the current form approved by the Director shall not be submitted. However, reference(s) to other documents containing information affecting the terms of the transfer may be made on the submitted form.

### § 3106.4-2 Transfers of other interests, including royalty interests and production payments.

- (a) Each transfer of overriding royalty interest, payment out of production or similar interests created or reserved in a lease in conjunction with a transfer of record title or of operating rights (sublease) shall be described for each lease on the current form when filed.
- (b) Each transfer of overriding royalty interest, payment out of production or similar interests created or reserved in a lease independently of a transfer of record title or of operating rights (sublease), if not filed on the current form, shall be described and shall include the transferee's executed statement as to his/her qualifications under subpart 3102 of this title. A single executed copy of each such transfer of other interests for each lease shall be filed with the proper BLM office.

### § 3106.4-3 Mass transfers.

- (a) A mass transfer may be utilized in lieu of the provisions of §§ 3106.4-1 and 3106.4-2 of this title when a transferor transfers interests of any type in a large number of Federal leases to the same transferee.
- (b) Three originally executed copies of the mass transfer shall be filed with each proper BLM office administering any lease affected by the mass transfer. The transfer shall be on a current form approved by the Director or an exact reproduction of both sides thereof, with an exhibit attached to each copy listing the following for each lease:
  - (1) The serial number;
  - (2) The type and percent of interest being conveyed; and
  - (3) A description of the lands affected by the transfer in accordance with § 3106.5 of this title.
- (c) One reproduced copy of the form required by paragraph (b) of this section shall be filed with the proper BLM office for each lease involved in the mass transfer. A copy of the exhibit for each lease may be limited to line items pertaining to individual leases as long as that line item includes the information required by paragraph (b) of this section.
- (d) Include with your mass transfer the processing fee for assignments and transfers found in the fee schedule in § 3000.12 of this chapter for each such interest transferred for each lease.

[53 FR 17355, May 16, 1988, as amended at 70 FR 58874, Oct. 7, 2005]

### § 3106.5 Description of lands.

Each transfer of record title shall describe the lands involved in the same manner as the lands are described in the lease or in the manner required by § 3110.5 of this title, except no land description is required when 100 percent of the entire area encompassed within a lease is conveyed.

[48 FR 33662, July 22, 1983, as amended at 55 FR 12350, Apr. 3, 1990]

### § 3106.6 Bonds.

### **§ 3106.6-1 Lease bond.**

Where a lease bond is maintained by the lessee or operating rights owner (sublessee) in connection with a particular lease, the transferee of record title interest or operating rights in such lease shall furnish, if bond coverage continues to be required, either a proper bond or consent of the surety under the existing bond to become co-principal on such bond if the transferor's bond does not expressly contain such consent. Where bond coverage is provided by an operator, the new operator shall furnish an appropriate replacement bond or provide evidence of consent of the surety under the existing bond to become co-principal on such bond.

### **§ 3106.6-2 Statewide/nationwide bond.**

If the transferee is maintaining a statewide or nationwide bond, a lease bond shall not be required, but the amount of the bond may be increased to an amount determined by the authorized officer in accordance with the provisions of § 3104.5 of this title.

### **§ 3106.7 Approval of transfer.**

#### **§ 3106.7-1 Failure to qualify.**

No transfer of record title or of operating rights (sublease) shall be approved if the transferee or any other parties in interest are not qualified to hold the transferred interest(s), or if the bond, should one be required, is insufficient. Transfers are approved for administrative purposes only. Approval does not warrant or certify that either party to a transfer holds legal or equitable title to a lease.

#### **§ 3106.7-2 If I transfer my lease, what is my continuing obligation?**

- (a) You are responsible for performing all obligations under the lease until the date BLM approves an assignment of your record title interest or transfer of your operating rights.
- (b) After BLM approves the assignment or transfer, you will continue to be responsible for lease obligations that accrued before the approval date, whether or not they were identified at the time of the assignment or transfer. This includes paying compensatory royalties for drainage. It also includes responsibility for plugging wells and abandoning facilities you drilled, installed, or used before the effective date of the assignment or transfer.

*[66 FR 1892, Jan. 10, 2001]*

#### **§ 3106.7-3 Lease account status.**

A transfer of record title or of operating rights (sublease) in a producing lease shall not be approved unless the lease account is in good standing.

#### **§ 3106.7-4 Effective date of transfer.**

The signature of the authorized officer on the official form shall constitute approval of the transfer of record title or of operating rights (sublease) which shall take effect as of the first day of the lease month following the date of filing in the proper BLM office of all documents and statements required by this subpart and an appropriate bond, if one is required.

### § 3106.7-5 Effect of transfer.

A transfer of record title to 100 percent of a portion of the lease segregates the transferred portion and the retained portion into separate leases. Each resulting lease retains the anniversary date and the terms and conditions of the original lease. A transfer of an undivided record title interest or a transfer of operating rights (sublease) shall not segregate the transferred and retained portions into separate leases.

### § 3106.7-6 If I acquire a lease by an assignment or transfer, what obligations do I agree to assume?

- (a) If you acquire record title interest in a Federal lease, you agree to comply with the terms of the original lease during your lease tenure. You assume the responsibility to plug and abandon all wells which are no longer capable of producing, reclaim the lease site, and remedy all environmental problems in existence and that a purchaser exercising reasonable diligence should have known at the time. You must also maintain an adequate bond to ensure performance of these responsibilities.
- (b) If you acquire operating rights in a Federal lease, you agree to comply with the terms of the original lease as it applies to the area or horizons in which you acquired rights. You must plug and abandon all unplugged wells, reclaim the lease site, and remedy all environmental problems in existence and that a purchaser exercising reasonable diligence should have known at the time you receive the transfer. You must also maintain an adequate bond to ensure performance of these responsibilities.

[66 FR 1892, Jan. 10, 2001]

### § 3106.8 Other types of transfers.

#### § 3106.8-1 Heirs and devisees.

- (a) If an offeror, applicant, lessee or transferee dies, his/her rights shall be transferred to the heirs, devisees, executor or administrator of the estate, as appropriate, upon the filing of a statement that all parties are qualified to hold a lease in accordance with subpart 3102 of this title. Include the processing fee for transfers to heir/devisee found in the fee schedule in § 3000.12 of this chapter with your request to transfer lease rights. A bond rider or replacement bond may be required for any bond(s) previously furnished by the decedent.
- (b) Any ownership or interest otherwise forbidden by the regulations in this group which may be acquired by descent, will, judgement or decree may be held for a period not to exceed 2 years after its acquisition. Any such forbidden ownership or interest held for a period of more than 2 years after acquisition shall be subject to cancellation.

[53 FR 17355, May 16, 1988, as amended at 70 FR 58874, Oct. 7, 2005]

#### § 3106.8-2 Change of name.

A change of name of a lessee shall be reported to the proper BLM office. Include the processing fee for name change found in the fee schedule in § 3000.12 of this chapter with your notice of name change. The notice of name change shall be submitted in writing and be accompanied by a list of the serial numbers of the leases affected by the name change. If a bond(s) has been furnished, change of name may be made by surety consent or a rider to the original bond or by a replacement bond.

*[53 FR 17355, May 16, 1988, as amended at 70 FR 58874, Oct. 7, 2005]*

**§ 3106.8-3 Corporate merger.**

Where a corporate merger affects leases situated in a State where the transfer of property of the dissolving corporation to the surviving corporation is accomplished by operation of law, no transfer of any affected lease interest is required. A notification of the merger shall be furnished with a list, by serial number, of all lease interests affected. Include the processing fee for corporate merger found in the fee schedule in § 3000.12 of this chapter with your notification of a corporate merger. A bond rider or replacement bond conditioned to cover the obligations of all affected corporations may be required by the authorized officer as a prerequisite to recognition of the merger.

*[53 FR 17355, May 16, 1988, as amended at 70 FR 58874, Oct. 7, 2005]*