



Bureau of Land Management Issues Interim Guidance for Royalty Rate Reduction and Lease Suspension Applications

By [Jennifer Collins](#)

- On April 21, 2020, the Bureau of Land Management (BLM) issued interim policy and guidance for royalty rate reduction requests for oil and gas leases, as well as lease suspension applications during the COVID-19 national emergency—available [here](#).
- BLM may grant royalty relief when it is in the interest of conservation to do so or would encourage the greatest ultimate recovery of oil and gas.
- Federal oil and gas leases may qualify for a suspension of operations only, or of production only, due to *force majeure* in accordance with Section 17 of the Mineral Leasing Act of 1920, provided the leases meet various conditions. The regulations define “*force majeure*” as matters beyond the reasonable control of the lessee.
- Lease suspensions granted due to the COVID-19 national emergency will expire one year from the date BLM approves the suspension, or earlier if the operator resumes operations prior to the one-year date; however, a suspension may be extended if conditions exist to warrant such action.
- In the absence of any action by BLM to extend the temporary royalty rate relief, the relief will terminate one year from the date that BLM approves an application for temporary royalty rate reduction and the lease will thereafter revert to the original royalty rate stipulated in the lease instrument.

For additional information regarding submitting a royalty rate reduction request or lease suspension application please contact [Bret Sumner](#) or [William Sparks](#).