

TITLE 30 - MINERAL LANDS AND MINING
CHAPTER 3A - LEASES AND PROSPECTING PERMITS
SUBCHAPTER II - COAL

§ 207. Conditions of lease

(a) Term of lease; annual rentals; royalties; readjustment of conditions

A coal lease shall be for a term of twenty years and for so long thereafter as coal is produced annually in commercial quantities from that lease. Any lease which is not producing in commercial quantities at the end of ten years shall be terminated. The Secretary shall by regulation prescribe annual rentals on leases. A lease shall require payment of a royalty in such amount as the Secretary shall determine of not less than 121/2 per centum of the value of coal as defined by regulation, except the Secretary may determine a lesser amount in the case of coal recovered by underground mining operations. The lease shall include such other terms and conditions as the Secretary shall determine. Such rentals and royalties and other terms and conditions of the lease will be subject to readjustment at the end of its primary term of twenty years and at the end of each ten-year period thereafter if the lease is extended.

(b) Diligent development and continued operation; suspension of condition on payment of advance royalties

- (1) Each lease shall be subject to the conditions of diligent development and continued operation of the mine or mines, except where operations under the lease are interrupted by strikes, the elements, or casualties not attributable to the lessee.
- (2) The Secretary of the Interior, upon determining that the public interest will be served thereby, may suspend the condition of continued operation upon the payment of advance royalties.
- (3) Advance royalties described in paragraph (2) shall be no less than the production royalty which would otherwise be paid and shall be computed on a fixed reserve to production ratio (determined by the Secretary).
- (4) Advance royalties described in paragraph (2) shall be computed—
 - (A) based on—
 - (i) the average price in the spot market for sales of comparable coal from the same region during the last month of each applicable continued operation year; or
 - (ii) in the absence of a spot market for comparable coal from the same region, by using a comparable method established by the Secretary of the Interior to capture the commercial value of coal; and
 - (B) based on commercial quantities, as defined by regulation by the Secretary of the Interior.
- (5) The aggregate number of years during the period of any lease for which advance royalties may be accepted in lieu of the condition of continued operation shall not exceed 20 years.
- (6) ¹ The amount of any production royalty paid for any year shall be reduced (but not below 0) by the amount of any advance royalties paid under a lease described in paragraph (5) to the extent that the advance royalties have not been used to reduce production royalties for a prior year.
- (6) ¹ The Secretary may, upon six months' notification to the lessee cease to accept advance royalties in lieu of the requirement of continued operation.
- (7) Nothing in this subsection shall be construed to affect the requirement contained in the second sentence of subsection (a) of this section relating to commencement of production at the end of ten years.

(c) Operation and reclamation plan

Prior to taking any action on a leasehold which might cause a significant disturbance of the environment, the lessee shall submit for the Secretary's approval an operation and reclamation plan. The Secretary shall approve or disapprove the plan or require that it be modified. Where the land involved is under

NB: This unofficial compilation of the U.S. Code is current as of Jan. 5, 2009 (see <http://www.law.cornell.edu/uscode/uscp.html>).

the surface jurisdiction of another Federal agency, that other agency must consent to the terms of such approval.

Footnotes

¹ So in original. Two pars. (6) have been enacted.

(Feb. 25, 1920, ch. 85, § 7, 41 Stat. 439; Pub. L. 94–377, § 6, Aug. 4, 1976, 90 Stat. 1087; Pub. L. 109–58, title IV, §§ 434, 435, Aug. 8, 2005, 119 Stat. 761, 762.)

Amendments

2005—Subsec. (b). Pub. L. 109–58, § 434, designated first to third and seventh and eighth sentences as pars. (1) to (3) and (6) and (7), respectively, substituted “Advance royalties described in paragraph (2)” for “Such advance royalties” in par. (3), added pars. (4), (5), and (6) related to amount of any production royalty paid, and struck out fourth to sixth sentences which read as follows: “The aggregate number of years during the period of any lease for which advance royalties may be accepted in lieu of the condition of continued operation shall not exceed ten. The amount of any production royalty paid for any year shall be reduced (but not below 0) by the amount of any advance royalties paid under such lease to the extent that such advance royalties have not been used to reduce production royalties for a prior year. No advance royalty paid during the initial twenty-year term of a lease shall be used to reduce a production royalty after the twentieth year of a lease.”

Subsec. (c). Pub. L. 109–58, § 435, struck out “and not later than three years after a lease is issued,” before “the lessee shall submit”.

1976—Pub. L. 94–377 designated existing provisions as subsec. (a), substituted provisions limiting the lease term to 20 years and for so long thereafter as coal is produced annually in commercial quantities for provision authorizing leases for indeterminate periods upon condition of diligent development and continued operation except for strikes, the elements, or casualties not attributable to lessees; provisions for payment of royalties as determined by the Secretary of not less than 121/2 per centum of coal value, except as reduced for coal from underground mining operations for provisions specifying royalties as stated in the lease, but not less than 5 cents per ton; provision for rentals as prescribed by regulation for provision setting rentals as fixed by the Secretary at not less than 25 cents per acre for the first year, 50 cents for the second, third, fourth and fifth years, and \$1 for each year thereafter, and provision for readjustment of royalties and terms and conditions after primary period of twenty years and subsequent ten year intervals for provision for readjustment after twenty years unless otherwise provided by law, and added subsecs. (b) and (c).

Effective Date of 2005 Amendment

Amendment by Pub. L. 109–58 applicable with respect to any coal lease issued before, on, or after Aug. 8, 2005, see section 438 of Pub. L. 109–58, set out as a note under section 201 of this title.