



United States Department of the Interior

OFFICE OF NATURAL RESOURCES REVENUE

P.O. Box 25165
Denver, Colorado 80225-0165

MAR 21 2013

Subject: Administrative Cost Assessment for Federal Debt Collection

Dear Reporter:

This letter provides you with guidance about a final rule the Office of Natural Resources Revenue (ONRR) published in the Federal Register on May 2, 2012, (77 FR 25881) entitled "Debt Collection and Administrative Offset for Monies Due the Federal Government." The new regulations establish procedures governing the collection of royalties, rentals, bonuses, and other amounts due under leases and other agreements for the production of oil, natural gas, coal, geothermal energy, other minerals and renewable energy from Federal lands onshore, Indian tribal and allotted lands, and the Outer Continental Shelf. The regulations include provisions for administrative offset, and clarify and implement the provisions of both the Debt Collection Act of 1982 (DCA) and the Debt Collection Improvement Act of 1996 (DCIA), 31 U.S.C. 3711, 3716-3718, and 3720A.

ONRR issued the new regulations under the authority of the Federal Claims Collection Standards (FCCS), the DCA, and the DCIA. The new regulations generally apply when you fail to pay monies due to ONRR (delinquent debt). Under the new regulations, ONRR will assess \$436 for administrative costs we incur when we refer a delinquent debt to the U.S. Department of Treasury (Treasury) for collection. ONRR also may assess \$436 for administrative costs that continue to accrue during any appeal process if: (1) the notice we provide you under 30 Code of Federal Regulations (CFR) 1218.703 grants you the right to appeal the delinquent debt, (2) you exercise that right; and (3) your appeal is denied and we refer the delinquent debt to Treasury.

These new regulations can have a substantial financial impact on you for your delinquent debts. The following example illustrates the impact:

Assumed Delinquent Balance	\$5,000.00
Interest for 150 days ¹	61.85
Administrative Cost	<u>436.00</u>
Balance Referred to U.S. Treasury for Collection	\$5,497.85
Treasury Collection Fee (28%) ²	<u>1,539.39</u>
Balance Due	\$7,037.24

As stated above, if you appeal the delinquent debt and the appeal is denied, when we refer the debt to Treasury, we may add an additional \$436 in administrative costs to the example above, bringing the total you would owe to \$7,473.24 plus any additional interest that accrues during your appeal.

¹ Interest accrues from the date the payment was due under 30 CFR 1218.54, 1218.102, and 1218.150. In the example, ONRR assumes 150 days of interest. Interest will continue to accrue up to the date of payment.

² The U. S. Treasury charges 28% of the outstanding balance as a collection fee. For delinquencies over 2 years, the percentage increases to 30%.

In addition, we may assess civil penalties of up to \$10,000 per day per failure to pay a debt under 30 U.S.C. 179 and its implementing regulations under 30 CFR 1241.

For additional information, refer to the final rule, "Debt Collection and Administrative Offset for Monies Due the Federal Government" at <https://www.federalregister.gov/articles/2012/05/02/2012-10361/debt-collection-and-administrative-offset-for-monies-due-the-federal-government>.

This letter does not require you to perform any type of restructured accounting or require you to recalculate and pay royalties. It is merely guidance and general information regarding a recently published rule.

This letter is not an appealable decision, order, Notice of Noncompliance, or Civil Penalty Notice under 30 CFR Part 1290, Subpart B (2011) or 30 CFR Part 1241 (2011). If ONRR issues you an order, Notice of Noncompliance, or Civil Penalty Notice at a later date in accordance with the matters addressed in this letter, we will provide your appeal rights, if any, at that time.

Sincerely,



James D. Steward
Program Director
Financial and Program Management