



United States Department of the Interior

OFFICE OF NATURAL RESOURCES REVENUE

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

Subject: ONRR Implementation of the Royalty Resiliency Act

Dear Lessees, Reporters, and Payors:

On September 20, 2024, H.R. 7377, the “Royalty Resiliency Act” (P.L. 118-81, amending 30 U.S.C. § 1721(j)) was signed into law. The Royalty Resiliency Act amends the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA) by changing how oil and gas lessees with joint drilling agreements, including communitization or unit agreements, pay royalties to the Office of Natural Resources Revenue (ONRR). Note that this law does not apply to joint drilling agreements involving Indian lands.

Under the Royalty Resiliency Act, lessees or their designees must report and pay royalties based on the allocation of production included in the proposed communitization or unit agreement which was submitted with an application until the Department of the Interior makes a determination on the proposed agreement. After the Department makes this determination, leaseholders must make any necessary adjustments to the royalties by the end of the third month following the month in which they receive the determination.

Starting with the sales month of September 2024, lessees must report and pay based on the allocation table included in the proposed communitization or unit agreement. ONRR acknowledges that there may be opportunities for reporting and payments related to sales months prior to September 2024 for joint drilling agreements pending approval as of September 20, 2024. While we encourage you to explore these options, please be aware that the specifics may vary based on individualized circumstances.

If you decide to only report and pay based on the proposed allocation for sales months September 2024 and later, you may need to make additional reports and payments for earlier sales months, depending on the final approval from the leasing agency. To ensure accurate reporting and payments for earlier sales months, lessees, reporters, and payors should maintain proper records for all months applicable to the pending application.

We appreciate your cooperation as we implement these changes and enhance the management of royalties from oil and gas leases.

Sincerely,

Ruth Welch
Program Director
Revenue, Reporting & Compliance Management