



United States Department of the Interior
Bureau of Land Management

Eastern States
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IN REPLY REFER TO:

TO: All Eastern States Field Office Officials
All ES Employees Involved with Cost Recovery

FROM: Assistant Deputy State Director, Natural Resources

DATE: November 9, 2012

SUBJECT: Accounting of Cost Recovery Funds. Final Rule, 70 FR 58854, October 7, 2005, Effective November 7, 2005.

PROGRAM AREAS: Coal, Non-Energy Leasable Minerals, Mineral Materials and Mining Law Administration Program, Conveyance of Federally-owned Mineral Interests.

As you are aware, most of our solid mineral actions are funded by cost recovery monies. This means that by statute and by regulation, the proponent of the action is required to pay, up front, an estimated amount of money determined on a case-by-case basis, which is to be used exclusively for the processing of the applications related to coal and other non-energy leasable minerals as-well-as prospecting.

Specifically, the final cost recovery rule establishes case-by-case fees for the following fifteen documents/actions relating to solid minerals:

Coal: Competitive coal lease; coal lease modification; logical mining unit formation or modification; royalty rate reduction.

Non-Energy Leasables: Prospecting permit application; preference right lease application; competitive lease; application to suspend, waive, or reduce rental, minimum royalty, production royalty or royalty rate; future or fractional interest lease application.

Mineral Materials Disposal: Noncompetitive sale (excluding sales from community pits or common use areas); competitive sale; competitive contract renewal.

Mining Law Administration: Plan of operations with Environmental Impact Statement (EIS); validity and mineral examinations and reports performed in connection with: (a) a patent application; (b) 43 CFR 3809.100 (operations on segregated or withdrawn lands); or (c) 43 CFR 3809.101 (potential common variety minerals).

Mineral Interest Conveyance: 43 CFR 2720 – Application for conveyance of mineral interest owned by the United States where the surface is, or will be in non-federal ownership; mineral examinations and reports performed in connection with determination of Fair Market value.

With this in mind, it is imperative that all Field Office, Field Station, District Office and State Office personnel adhere to a strict policy of maintaining written logs as well as on each individual's time sheet, their respective time allotted to each particular cost recovery project.

The reason for this critical guidance is two-fold. First, if the funds provided by the proponents are not used, the funds are refunded to the proponent upon completion of the action and the proponent has the work done in essence for free. Second, if the cost recovery funds are not used, the money to pay for the processing must come from other BLM programs, where there is no money budgeted for these actions.

Attached is a work sheet which may be used for keeping track of time for each project. The cost codes to be used on time sheets are available here in the State Office and a preliminary list of projects and account codes is attached.

Please use both the worksheets and the cost codes on your timesheets from now on; it is critical for accurate record keeping and imperative for correct accounting purposes.

The worksheets should be sent on a monthly basis to Kimberly Reed here in the State Office. Questions may be directed to Kimberly, Michael Glasson, Nate Felton and Kemba Anderson-Artis. Thank you for your immediate cooperation.